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GERMAN MILITARISM: SUBSTITUTE FOR REVOLUTION

IT is the thesis of the following pages that German militarism has two aspects, one dictatorial and one revolutionary; that the strength of German militaristic auitarianism and the vehemence of German warfare are the results of a particular technique of blending the dictatorial with the revolutionary; and that in order to avert another German outbreak Germany must be prevented from using this technique anew after the present war.

The overtly autocratic side, the "goose-stepping" character of German miltarism, has attracted more attention than its revolutionary aspect—its skillful and dangerous use of the ideas of liberation and revolution. It is to this latter side that we draw attention here. *Liberation from militarism has been impossible in Germany because German militarism has succeeded, at crucial moments, in posing as liberation and, indeed, revolution.*

If the full implications of this are seen, a number of otherwise insoluble riddles may be solved. Liberation *from* German militarism will continue to be impossible as long as important sectors of the German population continue to believe that liberation can be achieved only *through* militarism, and that political progress can come only through warfare or the preparation for it.

The Significance of Revolutionary Memories

As a matter of historical record, the transition from the different varieties of autocracy and feudalism to the various

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forms of responsible government has generally been accomplished by violence. It could not be otherwise, because neither absolutism nor feudalism provided for "constitutional amendments", but on the contrary, in most instances, fought with tenacity for its own preservation. The post-absolutistic and post-feudal régimes, therefore, were frequently the results of armed uprisings and revolutionary actions. The history of a nation's birth plays an outstanding rôle in shaping its folklore and political conscience. In the modern Western world nothing, it appears, gives so much coherence to a nation or a régime as the fact that it owes its existence to an act of liberation from conditions considered outworn and oppressive. The saga of liberation becomes the source of inspiration. Revolutionary history stirs the popular imagination and creates national symbols. The memory of the American Revolution and the successful war which accompanied it has formed the cement of American patriotism. Names, places, documents, certain years ("1776", "1789") become the symbols of national pride. Little does it matter whether the myth of the birth distorts some historical facts. The revolutions of times past become the official myth—the Marseillaise is adopted as the hymn of the Third Republic, and the anniversaries of revolutionary upheavals and rebels' battles acquire an accepted character of respectability. The consummate, but not unassailable, diplomacy of King Victor Emanuel and Count Cavour lives on under the proud name of Italian Resurrection—*Risorgimento;* and even the despot Mussolini tried to borrow from the spell which Garibaldi's defiant rebels still spread through the Italian countryside. In England, the Glorious Revolution secured the definite establishment of constitutionalism; that a nation famed for its sense of gradual development should bestow the designation "glorious" on the radical events of those years shows the ambivalent and emotional attitude of Western civilization toward revolutions—to oppose them, and to glorify them when they succeed.

German, and particularly Prussian, history is singularly devoid of any "glorious" revolution. Throughout, the German

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people had to celebrate dynastic birthdays and anniversaries of battles fought for the princes, because they had no Fourth of July or *Quatorze Juillet* to celebrate. Guided by a correct instinct, they declined to celebrate the "day of Weimar" (the anniversary of the Republican Constitution of 1919) as the birthday of a true rejuvenation.

The German Ersatz Revolutions

The problem, however, is even more complicated. If it were really true that German, and particularly Prussian, militarism and authoritarianism are consistent and manifest in their opposition to liberation and national rejuvenation, the issue would be clear cut. All individuals and groups desiring a forward turn of German affairs, and the undoing of old wrongs, would unmistakably rally around the anti-militarists and anti-autocrats in Germany. For them, the issue clearly would be to fight for liberation *from* militarism.

In that case, the chances of German militarism and autocracy would not have been as good as they were; and National Socialism would not have become a deadly threat to the achievements and revolutions of many a century. The intriguing fact is that it is largely revolutionary energies and discontent with the existing conditions in Germany which keep militarism going there. Time and again, much of that longing for a thorough clean-up was directed *against* the military oppression and autocratic government lying so heavily upon the people. But German history proves that, at the decisive moments, it was the militarists and autocrats who manipulated "revolutions" and procured "liberation" for their subjects.

This ability of anti-democratic rulers to employ the democratic energies—the very energies which had been built up in direct opposition to these rulers—has been one of the most paradoxical, least emphasized, and most consequential features of German politics in the last century and a half. If Germany did not have any genuine popular revolution, she had what her official propagandists (who know the vague though widespread longing for the same German revolutionary experiences of which other nations are proud) never failed to call "national

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upheavals", that is, the same sort of ersatz revolution which again is playing such a sinister rôle in National Socialism.

The essence of this belief in "national upheaval" is that the decisive, the "revolutionary" changes in history can be accomplished only by military action; or that, at least, this has been and will continue to be the destiny of the Germans. The German inclination to fight bloody and, indeed, "superfluous" wars is fed largely by energies which, originally, were destined to drive in the opposite direction.

It is necessary to point out that this has not been an uncontested or an uninterrupted process. Since the beginning of the era of nationalism (about 1800), two concepts have struggled for the favor of the discontented strata of the German population: liberation *from* militarism, and liberation *through* militarism. Both traditions are strong in Germany, although the first has thus far never been successful. Therefore, the militaristic and autocratic circles, seeking the support of as large a part of the people as they needed to accomplish their own designs, strove to reconcile the two concepts of militarism and liberation.

The Prussian army reform in the last part of the Napoleonic era was depicted as liberation (from the foreign tyrant, Napoleon) through a liberalized militarism. Bismarck's formula was liberation (from German disunity) through anti-liberal militarism. In August 1914, Wilhelm's régime preached liberation (from the threat of Tsarist militarism) through the nation in arms. Adolf Hitler's formula is liberation (from both capitalism and socialism) through a "revolutionary" militarism. In August 1914, Wilhelm's régime preached government and morality.

Common to these otherwise widely divergent schemes are the following features. (a) There is the propagandistic teaching of the doctrine that "real liberation" or "national upheaval" must take the form of an over-all "call to arms" and of an increasingly cataclysmic warfare. (b) At the time of the outbreak of war, this doctrine of the "unifying" and "uplifting" spirit of military uprising proves to a certain extent

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effective; but soon the pseudo-revolutionary stimulus loses its force, and open coercion takes its place. (c) The rulers either do not believe in the doctrine at all, or at least never rely upon it. Hence, "national uprising" means submission of civilians, including the civilian government, to the military; it can never lead to genuine national unity or what the French call *union sacré*. Instead, it always leads to an increasing power of the military. (d) This increased power is at once used to build up, in open disregard of the promised "liberation", an ever stronger militaristic régime. (e) Therefore, after every war the political scene in Germany is even more tense than before. If, as in 1813 and 1866 and 1870, the "liberation" is seemingly accomplished, the German rulers suppress the popular desire to use the hard-won victory for democratic reforms, and claim that the results of the "liberation" will be jeopardized unless they are guaranteed by an ever-increasing military might. If the war, however, ends in defeat, democratic and anti-militaristic reforms are scorned by the same groups as obstacles in the way of "real" liberation—which now can be effected only by a military explosion.

National Socialism is the most extreme and most obnoxious form of this scheme. But the involved and complicated relations between reaction and upheaval, between liberation and coercion, between desires to drive forward and iron determination to drive backward, are older than National Socialism. They even antedate the awakening of the spirit of nationalism. The very beginning of Prussia's absolutist military power was a result of acts of defiance. The following judgment on seventeenth-century Prussia was written in 1935 on behalf of the German Society for Military Politics and Military Science:

> According to all laws of organic and natural growth, [Prussia] was doomed to lead an existence which, though not totally unimportant, was to be of secondary rank. At this point, [the Prussian ruler] Frederick William acted, and through *artfulness* and *compulsion* created what naturally and through liberty would never have grown up. And it was the *spirit of his own century,*

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the rationalism and pietism of his time which gave the helpful hand to the *unspiritual* king.[1]

Ever since the middle of the seventeenth century, Prussia has been gambling against heavy odds. To the present day, its protagonists have assumed that they would be able to harness to the chariot of the military autocrats, not only the heavy horses of coercion but the pegasus of the people's aspirations.

Thus, the world is confronted with a *political tradition* in the full and technical sense of the term. For non-German countries which are victimized and outraged by this political tradition, and also for Germany herself, the most important—because the only promising—point is this: it is undeniable that the technique described here, the use of genuine desires for change and reform in the interest of aggression, wars and destruction, has become increasingly less effective. William II put Germany under a state of siege on the very first day of the war in 1914; but he managed to get along without concentration camps. In June 1918, an opposition deputy, on the basis of reports of the Military Supreme Court, accused the government of holding three thousand persons under administrative arrest in 1917.[2] That a deputy could openly attack the government, that the military court published a report, and that there were only three thousand such arrests—all this appears practically idyllic, if compared with the ghastly terror which Hitler has considered necessary to silence domestic opposition. The longer the record of the treacherous technique of German militarism, and the wider the discrepancy between "Prussianism" and the general political climate of Europe, the more difficult it has become to "put the scheme across". It was more difficult in 1870 than in 1813; more difficult in 1914 than in 1870; and very much more difficult in 1939 than in 1914. But this particular political tradition has many facets. In

[1] E. Kessel, in Gen. Lt. von Cochenhausen (ed.), *Schöpfer und Gestalter der Wehrkraft*, Auf Veranlassung der Deutschen Gesellschaft für Wehrpolitik und Wehrwissenschaft (Berlin, 1935), p. 43. The italics in this and subsequent quotations have been used by the writer of this article.

[2] *Stenogr. Protokolle der Sitzungen des Reichstages*, vol. 321 (1918), p. 5279.

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order to see whether and how it can be broken or changed, a brief survey of its different facets must be made.

The First Great Precedent: The Wars of Liberation, 1813-1815

Even German "patriotic" historiography seldom glorifies the early stages of Prussian militarism—up to and including the time of Frederick the Great. The cruelty of Frederick's system is remembered in Germany to the present day. Just as many Junker families used desperate methods to keep their sons from being forced into the officers' schools, just as Klopstock fled to Denmark and Herder to Russia to escape military service in Prussia, so the wretched, illiterate men who had fallen into the hands of Frederick's notorious recruiters were constantly deserting. In turn, these frequent desertions led to unbearable methods of compulsion and punishment.

Frederick died on August 17, 1786. Less than nine years after his death, his much-boasted and much-feared military machine was completely crushed; what is even more significant, it was crushed by the "undisciplined" soldiers of the young French Republic. In the war of the monarchies' coalition against the French Republic, Prussia collapsed long before her allies were defeated and had to sue for peace (Peace of Basel, April 5, 1795).

Prussia's state after this catastrophe was desolate. If she was to survive, basic and speedy changes were indispensable. But the Junkers dreaded any change in the status of their serfs, and the king viewed all reforms with utmost suspicion as "democratic". Hence, he clung to the thoroughly outmoded absolutism of Frederick; and, while other European nations fought against Napoleon, Prussia "appeased" him. Finally, however, the clash became unavoidable; and Napoleon's blitz campaign in 1806 led—twenty years after Frederick's death—to a second, and even more catastrophic defeat of Prussia than that of 1795.

After this second debacle, the patriotic king (so goes the official legend) of his own free will democratized the civilian and military régimes, thus preparing for that glorious liberation

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and rejuvenation of Prussia which came during the Wars of Liberation in 1813-1815. In reality, the first act of the king, who fled from Berlin as far east as Memel, was to dismiss Baron von Stein, the only one of his ministers who had urged reforms upon him, as a "refractory, insolent, obstinate and disobedient official."[3] It was the French enemy, Napoleon Bonaparte, who forced the Prussian king to call Stein back into office. At the same time he had his army of occupation in many parts of Prussia, including Berlin. Stein, however, and Scharnhorst, who was to become the famous organizer of the Prussian army, were set for war against Napoleon.

The reformers understood that there was no chance of winning against the revolutionary armies of France, unless Prussia could do three things: improve the lot of the serfs who, as soldiers, had to do the fighting; tie the urban population closer to the government; and reorganize the corrupt and incompetent officers' corps which Frederick the Great had made a strictly feudal corps.[4]

Stein's main reform abolished personal serfdom without, however, abrogating the landlord's privilege to sit as judge over his peasants and to police them by his own police, and without freeing the peasants from all those services, tithes, fees and taxes in money and in kind against which, with reference to the Holy Scriptures, the peasants had revolted in vain as far back as 1525. Stein also reformed municipal administration, and loosened the caste system to a small extent. In the army, flogging was abolished. The time of service for soldiers was reduced from Frederick the Great's twenty years to six. Commoners were permitted to become officers. Scharnhorst wanted the army to become "the rallying point of all moral and physical forces of all citizens." Translating the equalitarian trends

[3] This was on January 3, 1807.

[4] Scharnhorst wrote in 1797: "The mishap of the allied powers in their war against the [French] Revolution must be intimately connected with the internal conditions prevailing in these States as compared with those in the French nation." ("The General Causes of the Luck of the French", quoted by K. Linnebach in Cochenhausen, *op. cit.*, p. 102.) *Cf.* H. E. Fried, *The Guilt of the German Army* (New York, 1942), pp. 310 *et seq.*

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of the times into a *military* form, Stein was passionately eager to build a more united army—of which the state would be, so to speak, the by-product. In collaboration with Scharnhorst he did away with some of the feudal inequalities and outmoded aspects of Frederickian absolutism. Such reforms, however, were made not for freedom's sake but to improve the chance of winning the approaching war. It was a device repeatedly used in German history—for example, under Bismarck and under Hitler: *unconventional social and industrial reforms were introduced with one purpose only, that of strengthening the country's military power and the power of the military.*

But the king and the majority of the Junker party were outraged by Stein's policies. Through an intrigue which has never been cleared up, the minister was denounced to Napoleon and dismissed by the king, who considered the weakening of the Prussian *ancien régime* almost sacrilegious and definitely more to be condemned than a policy of appeasement toward Napoleon.

At this moment, however, the Prussian nobility split. Some of them realized that the movement for liberation from the French occupation would finally become too strong to be resisted, and that non-participation in a general onslaught against Napoleon might prove a suicidal proposition as far as Prussia's participation in the post-Napoleonic world was concerned. In short, the patriotic party was *not* a democratic middle-class movement which would have merged aggressive anti-French patriotism with constitutionalism. It was, on the contrary, led by officers and aristocrats: such famous Free Corps leaders as the Duke of Brunswick, von Luetzow, von Colomb, and that implacable die-hard, General von der Marwitz. The best known of them, Major Ferdinand von Schill, commander of a regiment of Prussian Hussars, in open defiance of his war lord secretly left Berlin with his regiment in April 1809, in order to fight with the Austrians against Napoleon. Von Schill was killed in action on May 13, 1809. Nationalistic propaganda has made him one of the heroes who have exemplified the German tradition that militarism can (and must) be blended with rebellion into a peculiarly fanatical and defiant "discipline".

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When, in 1812, Napoleon marched against Russia, the Prussian king ordered a corps of twenty thousand men to join the French. After Napoleon's rout, the commander of this Prussian satellite corps, Count Yorck von Wartenberg, concluded the famous armistice of Tauroggen with the Russians on December 31, 1812. The king was furious and had him court-martialed, but he was acquitted. Although Count Yorck, an aristocratic general, strongly opposed Stein's civilian reforms, he joined the Baron (at that time adviser to the Tsar) in calling on the East Prussian provinces to rise in rebellion against Napoleon.

Seeking to "Sell" the War to the People

The king now considered Russia's chances better than France's, and finally entered the war as the Tsar's ally. His advisers were aware of Prussian public opinion. They advertised the decision of the ultra-conservative king to join the monarchistic coalition as a signal given by a popular leader to fight for freedom and liberation. The name, "Wars of Liberation", has ever since been laden with emotion in Germany. The king, in his famous "Appeal to My People", issued at Breslau, March 17, 1813, exhorted his "Brandenburghers, Prussians, Silesians, Pomeranians, and Lithuanians" to follow the example of the Spaniards, Portuguese, Swiss and Dutch and to fight for liberty: "This is the last and decisive struggle we have to fight for our existence, our independence, our welfare." After concluding an alliance with the Tsar at the little Polish town of Kalisch, he issued his "Proclamation of Kalisch" on March 25, 1813. This proclamation sounded the keynote which created an unheard-of enthusiasm and patriotism in Prussia and beyond and made people forget that the king himself, only a few months earlier, had ordered twenty thousand Prussians to fight for Napoleon against Russia.

> While Russia's glorious armies, and with them, those of the King of Prussia, make their appearance in Germany, both monarchs herewith announce to Germany's princes and peoples that *liberty and independence* are returning. . . . [The two monarchs] come with the sole intention of helping the peoples

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> to reacquire those basic possessions of which the peoples have been forcibly deprived but which are *inalienable*. They wish to assure the enduring safety of the reborn life of a powerful nation [Germany]. Only because their aim is *beyond any selfishness*, is it truly worthy of the allied monarchs. . . . In order to abolish the most shameful of all *yokes* . . . [and] full of *enthusiasm*, the armies are marching nearer. Their watchword is *liberty and honor*. . . .[5]

This is as near to a popular resurrection as Prussia and Germany ever came.[6] It is worth while to consider the similarities as well as the differences between this document and the great enunciations of the American and French Revolutions. The king does use the words "liberty" and "independence"—highly suspicious words in any absolutism. He adorns his declaration with the electric epithet in which Jefferson has, for all time, summed up the Enlightenment's belief in natural and equal rights: inalienable. But these words are uttered *by*, and not against, the absolute king; and the restoration of liberty and independence is closely associated with Europe's most unenlightened monarchs and their armies: liberty and independence are not to be achieved by the peoples but by monarchs ruling by divine right.

The National Uprising, the ersatz revolution of the Prussian autocracy, was on, and it spread to other German states. Popular enthusiasm ran high. Every German textbook tells how women donated their wedding rings and girls their golden hair for the fatherland. The events of 1813 were seldom described, except as "birth", "rejuvenation", "awakening" and "rebirth". Such terms, more than mere figures of speech, indicate the strength of the myth of the glorious birth.

A university professor, speaking in 1913 at one of the innumerable centenary celebrations, gave the best summary of the official opinion on relations between militarism and the people's uprising: "Never has a war been more popular: a

[5] E. Burckhardt, *Proklamationen und Versprechungen deutscher Fürsten* (Leipzig, 1851). *Cf.*, e.g., Fr. Foerster, *Geschichte der Befreiungskriege, 1813, 1814, 1815* (Berlin, 1857-1860), vol. I, p. 3.

[6] *Cf.*, e.g., Foerster, *op. cit.*, vol. I, p. 3.

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people's war—but organized by the state, organized by Scharnhorst!" [7]

This "but" is an important commentary on official German political thought; for it emphasizes rather than limits the praise. The war of 1813, it means, was popular because it was an insurrection. And, in addition, it was organized by the state and approved by the *Obrigkeit,* the officers and officials. The peculiarity of German political tradition becomes all the clearer if we compare it, for example, with the consummate skill exhibited through the centuries by the English parliament in deriving political and constitutional gains whenever the king found himself in a difficult military situation.

The People's Gain: Compulsory Military Service

In the case of Prussia, the national uplift of 1813 resulted the following year in compulsory military service, the first peacetime general conscription in history.[8] Ironically enough, it was introduced, on the wave of patriotism produced by the Wars of Liberation, *after* the Napoleonic threat had been warded off; and it was upheld, following the Congress of Vienna, when Prussia dropped all pretension to liberal nationalism and openly returned to absolutistic and feudalistic reaction. Compulsory military training became the primary expression of the supremacy of the military and, more precisely, of the officers' corps in Germany.

In May 1815, the king solemnly promised his subjects to grant them a representative constitution. Instead, a year later he thwarted the plans already initiated for the liberation of the serfs, handing the great majority of them back to the absolute

[7] Theodor Birt, *Preussen und der Befreiungskrieg*, No. 28 of the Academic Speeches of the University of Marburg (Marburg, 1913), p. 13.

[8] Later on, attempts were made to depict compulsory military training in time of peace as an extension of democratic rights. For example, Friedrich Meinecke hailed it as "the expression of German *idealism* and *Kantian philosophy*. . . . Its originators . . .wanted to overcome the dead and mechanistic obedience previously reigning in the army and wanted, instead, to mobilize the *nobler,* the spiritual forces. . . . Prussia filled her old institutions with the new spirit of the *humanitarian* ideals and the new *popular* patriotism." *Die deutsche Erhebung von 1914* (Berlin, 1915), p. 60.

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authority of their Junker landowners and burdening with new liabilities for decades to come the minority of serfs who were still eligible for emancipation. The people were cheated of what they had been promised, and finally some of the king's ministers, such as Wilhelm von Humboldt and von Boyen, the war minister who had introduced compulsory service, resigned in disgust.

Thus the history of the much glorified Wars of Liberation contains all the elements—though not yet fully developed—of that fateful mixture of militarism, revolutionism and absolutism, the present emanation of which is National Socialism: the breakdown of the previous form of Prussian authoritarian militarism; the fact that this breakdown brought hardships to the population at large, rather than to the Prussian leaders who were responsible for it; the genuine popular desire for liberalization of the political régime; their betrayal by the reactionaries, and the efficiency and determination of the planners of the war of revenge; the propagandizing of the war as an act of national liberation; the exploitation and betrayal of the popular longing for democratic reforms.

Contrary to all expectations (based on the catastrophic inadequacy of the Frederickian system revealed by the defeats of 1795 and 1806, the victorious sweep of Napoleonic reforms all over Europe, the military frustration of Prussia for eighteen years, and the realization by many Prussian conservatives that reforms were urgently needed) Prussia emerged even stronger and even more absolutistic in 1815 than she had been at the time of Frederick the Great; and this period between the downfall and subsequent recovery of Prussia contributed decisively to the formation of that political creed which links German "liberation" and "rejuvenation"—internal and international—with military exploits.

The Abortive Revolution of 1848

After the end of the Napoleonic Wars, there followed in Prussia as elsewhere in Europe three decades of ubiquitous police and undisguised reaction. Even when the showdown was obviously approaching, Prussian absolutism was deter-

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mined not to give in. On April 11, 1847, in the United Prussian Diets, King Frederick William IV addressed the "noble gentlemen and faithful estates":

> It has been God's pleasure to make Prussia great through the *sword*, through the sword of war against the exterior, and at home through the sword of spirit—by which I do not mean the present-day spirit of negation but the spirit of order and discipline. . . . No power on earth shall ever force me to allow that between our Lord in Heaven and our country, a written paper should intrude, as if it were a second providence.

Obviously, he feared that the dynastic and militaristic policy would come to an end once a representative form of government was introduced.

Finally, the revolutionary tide, sweeping over Europe, reached Berlin. On March 18, 1848, soldiers shot at demonstrators before the king's palace. The crowd built barricades and compelled the king to uncover his head before the corpses of the victims and to withdraw his troops. The "Prussian Parliament"—a creation of the uprising—demanded that it be given control of the army; that the clause, "by the grace of God", be removed from the king's title; and that nobility be abolished in Prussia.

The king now tried to ride the crest of the revolution and demanded (1) a united Germany under Prussia (making use of the old longing for a strong central authority, (2) the organization of a *popular* (*volkstümlich*) federal army, and (3) a declaration of armed neutrality. In other words, he tried to divert the revolutionary outburst into a "call to arms". *After* the great mobilization—so the king continued—a constituent assembly was to be convoked to "introduce throughout Germany a really constitutional régime, with responsible ministers, public hearings in the courts, a right of every accused person to face his judges in open court, juries in criminal cases, equal political and civil rights for all religious faiths, and a truly popular and liberal administration." There was a conspicuous failure to mention any participation of the people in

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the legislature; but the king was well aware of the aspirations of his subjects.

No sooner had the revolutions of Vienna and Paris collapsed, however, than Frederick William IV broke all his promises. In November 9, 1848, the troops of General Wrangel dissolved the Berlin Assembly. Despite this treachery, the Frankfurt Assembly, in the name of the whole nation, offered the king the crown of the German Empire. What an offer for a Hohenzollern! This was a test case. Should the power of the Prussian king be thus fabulously increased by the "demagogues" of the Frankfurt Parliament? The king decided against it. His refusal to accept the voluntary submission of the nation's representatives left no other way for the "rebirth" of Germany than the authoritarian way. National unity—the democratic aim—had to be bestowed on the Germans by Prussia, the self-appointed wielder of the German sword.

Indeed, the king offered his troops to his princely colleagues, the sovereigns of neighboring German states, to quell revolutions in their lands. Several upheavals outside Prussia were thus crushed. Had it not been for the protest of Russia and Austria (Olmütz, 1850), Prussia might well have succeeded in "unifying" Germany by force twenty years before Sedan. Even so, Hanover, Oldenburg and several small northern German states joined the Prussian-controlled *Zollverein* which thus covered a territory inhabited by thirty-five million people. The military method, while again subduing the democratic spirit, came closer to fulfilling the progressives' desire for national unity than had the much heralded democratic parliaments.

The Second Great Precedent: Bismarck's War for Unification

After 1815, it had taken a whole generation for revolutionary movements to ripen on German soil, but after 1849 one decade sufficed to make the opposition strong and vociferous. In 1860 *—for the third time in half a century!—the reactionary régime of Prussia seemed to be cracking.* The importance of Bismarck

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lies in the brilliance and coldness with which he continued and perfected the method of effecting bold and unorthodox changes through the traditional authoritarian methods of war and militarism.

The mood of the country can be judged from the fact that, even under such a model of undisguised discrimination as the Prussian "Three Class Suffrage Laws" which contained the most drastic guarantees against "unreliable voters", the Liberals won a majority in the Prussian Diet in 1858. When this majority dared to yield to the government on a question of military policy, the new Progressive Party, to the left of the Liberals, gained one hundred and sixty-one seats in 1861 in its first sweep.

It was to forestall this liberal-progressive majority that the king of Prussia in 1862 made Bismarck, the arch-reactionary among the Junkers, Chancellor of Prussia. Until that decision was taken, *against* public and parliamentary opinion,

> it seemed that the coming German Reich could be built only on a foundation of liberalism. This was considered a dogma, an axiom not even open to discussion. Old outmoded Prussia, with her army, her stern administration, her bureaucracy and her junkerism, appeared to be a *stumbling block* rather than a help to unification. *Everybody was convinced that, first of all, Prussia must be remodeled* and improved along liberal principles before she could ever be eligible to serve as the basis for German unity.[9]

Bismarck's grand strategy between 1862 and 1870 was a repetition on an unprecedented scale of the scheme of 1813-1815. The general desire for progress and liberation from an outworn political system was exploited by the very representatives of that régime. The seemingly unavoidable catastrophe of the reactionary régime was turned into its historic success. Au-

[9] This is a typical statement in a historical survey on the foundation of the German Reich. W. Maurenbrecher, *Gründung des Deutschen Reiches, 1859-1871* (Leipzig, 1892; 3rd ed., 1903), pp. 12-13. The German pro-Bismarck literature has not concealed these facts; *cf.* F. Hartung, *Deutsche Geschichte* . . . (Bonn, 1924), p. 5: "For the time, Germany interested him only in so far as she was the natural drilling ground [*Exerzienplatz*] of Prussian politics."

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thoritarian Prussia, beaten at the polls, turned to war and became stronger than ever before. Never have the German militarists forgotten that lesson.

The "fratricidal" war with Austria and several small German states was arranged by Bismarck against fierce resistance from the Prussian Diet and the Bundestag, against apprehensions of the Prussian court, and against the opposition of the man on the street. "A disastrous civil war which the German people condemned and despised from the bottom of their souls." [10] But the victory of Bismarck's armies over Austria was a decisive blow to Prussian liberalism. Significantly enough, in the elections held on the day of the battle of Koenigsgraetz (July 3, 1866) the anti-Bismarck group lost its majority in the Prussian Diet. On the other hand, Bismarck, the inveterate anti-parliamentarian, made the gesture of donating general suffrage to his new creation, the North German Confederation.

Yet, on the eve of Bismarck's war against France, Prussian public opinion was again by no means united in favor of the war. Hence, Bismarck for popular consumption stressed the defensive character of the war, while at the same time he frankly admitted to militaristic and nationalistic circles that he needed the war for his far-reaching designs. This "dualistic attitude" was assumed also by the government of Emperor William II in 1914 and was adapted, with the greatest skill, to a period of intensified political complexity and increased anti-war feeling by National Socialism.

The version that Prussia was waging a war of defense was widely believed; [11] and the king, just as his predecessors, prom-

[10] Declaration of the City Council of Koenigsberg, May 22, 1866, quoted in *Gesammelte Schriften und Reden von Dr. Johann Jacoby* (Hamburg, 1877), vol. IV, pp. 304-5. *Cf.* also J. Ellis Barker, "Bismarck and William II" in *The Nineteenth Century and After*, vol. 77 (1915), p. 775.

[11] At the extraordinary session of the Reichstag of the North German Confederation of July 21, 1870, the only document read in the plenum was a telegram from "The Germans of St. Louis, U.S.A. pledging one Million Dollars for Prussian war invalids and orphans", condemning the "desperate gambler's [Napoleon III's] war of suppression and conquest against Germany"

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ised that he would "recompense the people's loyalty with equal loyalty and that, in view of the people's sacrifices, a *liberal* and unified Germany would result as the fruit of these events." Again, war and military sacrifices were depicted as the harbingers of *civic* progress. And again, the promise was not fulfilled. Certain voices, for example the deputy von Brauchitsch, argued that "The whole people, and not merely a conscripted army, had spilled its blood, and therefore the peace must be harsh." [12] But the "liberal" Germany which the king had promised did not come. Bismarck's imperial constitution was decried by the Social Democrat Liebknecht as "an insurance company of princes against democracy." [13]

The unification of Germany under the hegemony of the military power of Prussia [14] again threw the German dilemma into bold relief. A war-minded and militantly anti-democratic minority, strategically located at the helm of the civilian and military hierarchy, finally won over a majority which at first had been hostile to that hierarchy but which was not able to point to achievements of its own. The myth of the birth of the "Second Reich", the emergence of Prussian Germany as a world power, was deliberately tied up with militaristic authoritarianism. In later national emergencies, the official propaganda always pointed to the lesson to be learned from "the nation's birth" in 1870, namely, that the essential freedom is the power to wage wars.[15]

Militarism in the "Second Reich"

Under Bismarck's constitution, industry and business flourished, but they did not triumph politically or socially. They

and expressing the hope that the "war would bring unification to the Fatherland and liberty to France." *Protokolle der Verhandlungen des Ausserordentlichen Reichstages des Norddeutschen Bunden, 19-21. Juli 1870*, p. 13.

[12] *Protokolle der Verhandlungen des 2. Ausserordentlichen Reichstages des Norddeutschen Bundes*, session of December 6, 1870, p. 106. *Cf.* deputy Schultz's speech in the session of November 28, 1870, *ibid.*, pp. 29-30.

[13] *Ibid.*, p. 134.

[14] *Cf.*, e.g., Heinrich Triepel, *Die Hegemonie* (Stuttgart, 1938), esp. pp. 552 *et seq.*

[15] "Bismarck, the man of violence [*Gewaltmensch*], again provided us with freedom to use our sword." Meinecke, *op. cit.*, p. 60.

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flourished under a militaristic constitution in a feudalistic society. The official aristocratic and officers' circles frowned on them and especially on finance. This is one of the roots of National Socialism's militaristic "anti-capitalism".

Furthermore, Emperor William II was largely instrumental in expounding the doctrine that the military head of the state possessed, to put it plainly, the unqualified right to use his subjects, the soldiers, against his subjects, the civilians. This, in turn, is one of the main sources of National Socialism's mania for violence.

In the midst of a capitalistic age William II acted and talked in terms of a revived feudalism; and in the fulness of his imperial powers he boasted of his right to strike down, to annihilate, the opposition. In 1895, when Prince Bismarck celebrated his eightieth birthday, the Emperor presented him with a sword and thus toasted the man whom he heartily disliked:

> This day rightfully belongs to the *army*. It is preëminently the army's privilege to hail its comrade-in-arms, the old *officer* [Bismarck]. He was destined to make possible those accomplishments of our army which found their remuneration in the *rebirth* of the Fatherland. I was unable to find a better gift than a *sword*, this noblest of the German weapons . . . that instrument which has *never yet failed*. *In the hand of kings and princes*, the sword will, if need be, be used *against the interior*. . . . My fervent wishes are addressed *not* to the statesman Bismarck but to the *officer* Bismarck . . . our comrade-in-arms and *member of our caste*. . . .[16]

The Kaiser's variety of German militarism combined an old emphasis on an anachronistic feudalism, with a new emphasis on his personal right to stage a civil war from above.

The opposition which the Kaiser had in mind was the labor movement. "For me, every Social Democrat means an enemy of the Reich and the fatherland," he declared to a delegation of striking miners.[17] "Social Democrats are a gang of men

[16] J. Penzler (ed.), *Die Reden Kaiser Wilhelms II., 1881-1895* (Leipzig, 1897-1913), vol. I, pp. 301-3.

[17] Speech of May 14, 1889. *Ibid.*, p. 54.

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not worthy to carry the name of German," he said at the twenty-fifth anniversary of the battle of Sedan.[18] It is true that, while middle-class criticism was by no means lacking, the main focus of resistance was the labor movement.

In the election for the first German Reichstag of 1871, the Social Democrats received 123,995 votes, i. e., 3.19 per cent of all votes. In 1890, despite Bismarck's persecution and although they were largely driven underground, they received 1,427,298 votes and, with 19.75 per cent of all votes, became the strongest party in the Reichstag. Under Bismarck's constitution the Reichstag had very limited powers, yet Germany, the domain of an erratic militarism, became at the same time the center of "scientific socialism".

The Position of the Social Democrats

In the 1890's, the leaders of this "scientific socialism" were engaged in a most significant discussion. What was at stake was the party's attitude toward revolution.

By the turn of the century at the latest, the party, although still using revolutionary language from time to time, had virtually decided against revolution. In 1903 the party convention of Dresden resolved that the party "is revolutionary in the best sense of the word because it works for the quickest possible transformation of the existing bourgeois society into a socialist society." Such utterances were not taken very seriously. It was observed that "to be in the best sense revolutionary, is to be revolutionary only in theory and on paper. Basically there is nobody [among the socialists] who still believes that this generation can overwhelm all existing political powers [in Germany]."[19]

Sometimes, the Social Democratic Party and the trade unions would talk of revolution—indeed, they did so until 1933. But they did not believe in it, and did not prepare for it. The absence of any preparation was the result of conscious disinclination, ranging from skepticism to scorn. The German

[18] Speech of Sept. 2, 1895. *Ibid.*, p. 315.

[19] Friedrich Naumann, *Demokratie und Kaisertum* (Berlin-Schöneberg, 1905), pp. 4-5.

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socialists and trade unionists were taught by their own newspapers, writers and lecturers that only when socialism ceases to speculate about the "future state" has it come of age. Karl Kautsky, the most influential of the socialist theoreticians of the age, took great pains to reiterate that "revolution" meant, in the first place, economic and technological changes; while physical disorder and military violence became increasingly insignificant if compared with the things that really counted, namely, the economic, technological and legislative alterations.

It must be noted that this trend among the opposition *against* the use of force was matched by another trend on the part of the régime itself, namely, an increasing *readiness* to use military force for settling domestic political controversies. As William Montgomery McGovern has pointed out, Burke and De Maistre were horrified by the thought of revolution, but Heinrich von Treitschke insisted that revolutions are useful and, indeed, necessary.[20]

One question, in particular, seemed destined to lead to an authoritarian "revolution within", as von Treitschke called it, or, as the Emperor called it, the use of the "sword against the interior"—namely, the question of war and armaments. When William II referred to every Social Democrat as an enemy of the fatherland, he was thinking of the Social Democrats' fight against German militarism. For, if the party discarded revolution, it was even more united in its hostility to war and armaments. In the thirty-nine party conventions held between 1875 and 1914, there was only one occasion when a single dissident, among thousands of delegates, voted in favor of the expansionist drive of German industry.[21] With the German delegations in full accord, the ten international Socialist and Trade Union Congresses, between 1867 and 1910, carried strongly worded declarations about the duty of all workers to make the outbreak of war impossible.[22]

[20] William Montgomery McGovern, *From Luther to Hitler* (Boston, 1941), p. 365.

[21] Quessel from Darmstadt at the party convention of Chemnitz, 1911, *Handbuch der Sozialdemokratischen Parteitage, 1910-13.*

[22] After the failure of Lord Haldane's mission to Berlin in 1912, a leader of

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In the fateful summer of 1914, Germany's Social Democrats denounced the approaching war in most passionate language.

> Not a drop of German blood . . . [for the] mad ambition of the rulers of Austria and for the profit of imperialism! . . . You are about to be used as cannon fodder. Everywhere it must be shouted into the ears of the powers that be: We don't want war! Down with war! Long live the international fraternization of the peoples![23]

> Those who, as victims of this policy of madness, are about to be slaughtered, must use all their energies in order to make the governments understand. There is only one answer to the mobilization of the powers—the lasting mobilization of the people.[24]

On July 7, twenty-seven mass meetings were held in Berlin alone, and many more in almost all important cities of Germany, under the motto *Immer wieder gegen den Krieg!* (Now more than ever—against the war!) At that time the Social Democratic Party was by far the strongest party in the country, having polled 4,250,399 votes (34.82 per cent of all votes) in the Reichstag elections of January 11, 1912.[25]

War Brings Ersatz Democracy

Yet, all this changed literally overnight. On August 4, 1914, the Social Democratic deputies in the Reichstag—who never in the history of the party had voted one single penny for military purposes—unanimously voted five billion marks of war credits, accompanying this vote with the declaration that "in the hour of danger" the Social Democrats "do not relinquish the fatherland."

the Social Democrats declared in the Reichstag that "the Social Democrats would resist all dreams of German conquest; the party would only be ready to defend Germany against attacks, if any should come." *Stenogr. Protokolle der Sitzungen des Reichstages*, vol. 285 (1912), pp. 2090-91.

[23] Extra edition of the Berlin *Vorwaerts*, July 25, 1914. See Carl Gruenberg, "Die Internationale und der Weltkrieg", *Archiv des Sozialismus und der Arbeiterbewegung*, VI (1916), p. 423.

[24] *Vorwaerts*, Berlin, July 29, 1914; see Gruenberg, *loc. cit.*, p. 431.

[25] Because of gerrymandering, the party had only 110 out of 391 seats (28.39 per cent). This Reichstag sat until January 1919.

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This "attitude of the fourth of August" has ever since been the subject of controversy [26] and has been used to prove the most divergent opinions about the German national character in general, and the psychology of the Social Democrats or the workers of Germany in particular. It seems certain, however, that three factors contributed to the sensational change. One was that the war was depicted as a war of defense against an attack coming from bloody Tsarist Russia, and that this version was at the beginning of the war largely believed. Another factor was that the party leaders had a "clear conscience": having done all they could to avoid the disaster, now labor had to see it through—as long as the war did not turn imperialistic.

But the third factor was the most paradoxical. At the crucial hour, the government of William II, with all its contempt for civilians and, in particular, for socialists, was able to mobilize in support of war the emotional longing for equalitarian reforms. In those summer days of 1914, the outbreak of the war was constantly compared to the national upheaval in the Wars of Liberation in 1813. The tight isolation, contempt and outright discrimination which the Emperor's régime had shown toward the masses seemingly disappeared "as if removed by a fairy hand", in the words of a much-quoted contemporary poet. Together with the introduction of a state of siege, certain longstanding discriminations against the Social Democrats and the trade unions were officially abolished. For example, socialist papers were allowed in barracks, and socialists could stand for election to Prussian city councils.[27]

As had happened before in German and Prussian history, civil liberties and a spirit of equality seemed to have come as a result of war. Trade union and social democratic papers reiterated the theme that,

[26] For a very enlightening reëvaluation, see Sinclair W. Armstrong, "The Internationalism of the Early Social Democrats in Germany", *The American Historical Review*, XLVII (Jan. 1942), pp. 245 *et seq.*

[27] E. von Wrisberg, *Erinnerungen* (Berlin, 1921), vol. I, p. 3. H. Heinemann, "Sinn des Burgfriedens", in *Sozialistische Monatshefte*, 21 (June 24, 1915), p. 574.

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> suddenly and unexpectedly, people felt as if pressure had been lifted from them. . . . Workers volunteered to bring in the harvest; unions declared they would take care of the unemployed until the authorities could do it, and suspended efforts to raise wages. . . . But if this seemed surprising, it merely showed how deeply rooted had been the wrong impression that the unions had anything to do with revolution or negation.[28]

It is important, to be sure, to point out that there never was complete unity behind the Kaiser's war effort. The domestic history of Germany in the first World War reveals the gradual stiffening of the opposition to war and, finally, to the monarchy which fought it. By Easter 1917, the dissidents among the Social Democrats in the Reichstag separated and formed the Independent Labor Party; and on April 16, 1917, the first major strike broke out under the state of siege, involving from 100,000 to 200,000 workers. In July 1917, the Centre-Left majority in the Reichstag carried its famous resolution for a peace of understanding, with a vote of 212 against 126. But it must be stressed that, as the war proceeded, the authoritarian aspects of German militarism grew at a much quicker pace than did the resistance of the opposition. The military dictatorship developed more and more ruthlessness and challenged public opinion with increasing defiance. The pampering of the annexationist and violently anti-democratic "Fatherland Party" by Ludendorff was a full rehearsal for the support granted by the army to the young National Socialist movement after the end of the war. Until its defeat, the Kaiser's militarism constantly manifested its autocratic character. The promises and gestures of August 1914 proved to be as empty as had been those of 1870 and 1848 and 1813.

THE THIRD GREAT PRECEDENT: RECOVERY OF GERMAN MILITARISM AFTER 1918

At the end of the first World War, the German situation was in many respects similar to the Prussian situation in 1795 or 1806. The first major test had shipwrecked the military ap-

[28] H. Heinemann, in *Die Arbeiterschaft im Neuen Deutschland* (Berlin, 1915), p. 122.

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paratus of Emperor William II just as it had the military apparatus of King Frederick the Great.

The bitterness and despair resulting from four and a half years of warfare on an unprecedented scale, the ignominy of the breakdown of the Kaiser's régime, the example given by neighboring Russia, the pusillanimous behavior of the Kaiser and his military leaders in the final crisis, the absence of attempts to rescue the monarchy even in the smaller German states, decades of agitation and opposition, and, last but not least, the fact that millions of hungry and disillusioned soldiers possessed arms and could seize more of them on every street corner—all these factors, one might think, should have contributed toward making the revolution of 1918 a successful one.

From a legal standpoint, a revolution did take place: the constitutional continuity was interrupted, and Bismarck's constitution, as amended, was abolished in a way not foreseen. But sociologically and politically, no real revolution occurred. For there was no change in the distribution of political power, and no novel political doctrine was introduced. When the Kaiser fled, and the Majority Socialist, Scheidemann, proclaimed the Republic (without previous consultation with the other leaders of the party), Ebert, the party chairman and obvious candidate for the head of the nascent Republic, lost his temper and most earnestly reproached Scheidemann. Back in 1870, the isolated spokesman of the incipient Social Democratic Party shouted that "the one and final ambition of the German people must be the abolishment of the monarchy and the erection of the Republic."[29] But, forty-eight years later, Ebert, the successor in the mighty party, welcomed the collapse of Bismarck's Reich with the words: "I hate revolution as I hate sin."

And yet, after the death of a régime which had led their country into isolation, misery and defeat, a large majority of the German people were ready for a genuine liberation, a new beginning, a thorough clean-up.

[29] *Protokolle der Verhandlungen des 2. Ausserordentlichen Reichstages des Norddeutschen Bundes*, 1870, p. 90.

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The birth of the Republic did not satisfy these hopes. No portion of the population, no political party had consciously worked for it; when it came, few were proud of it, and few were ready to defend it. The first President of the Republic, in a lawsuit that lasted beyond his death, sought to whitewash himself from the "libel" that he had ever worked for the downfall of the monarchy. Against the second and last president, Hindenburg, no such libel was ever raised.

An analysis of the circumstances which destroyed the Weimar Republic and thus opened the gates for the second World War reveals a variety of contributing factors. But such an analysis shows convincingly that the main and outstanding reason for the anemia and final downfall of the Republic was that the Republic, from its first days, *never generated those forces of enthusiasm, determination and statesmanship which are necessary to carry a German Republic through the first score of years—against the onslaught of nationalistic and militaristic opposition which must be expected.*

From its beginning, the new régime was paralyzed by a basic contradiction. The "conservatives"—the Kaiser's old bureaucracy, the Junkers, the old officers' corps, the Kaiser's high judiciary—held the decisive positions. Yet, although these men largely *ruled* the Republic, they wanted not to conserve but to *destroy* it; while the "reformers" were anxious to conserve a state of affairs which obviously contradicted the promises they themselves had made to the people. Hence, they were blamed for everything that went wrong, and in reality they were not much less stigmatized in "their" Republic than they had been under the Emperor. It was violently anti-democratic and super-militaristic organizations like the National Socialists which, particularly outside the ranks of the Social Democratic Party and the Catholic Center Party, more and more posed as inheritors of the popular longing for basic improvements and changes.

The rôles were again reversed. A tragi-comedy of errors began anew, centering on the question: liberation *from* militarism, or liberation *through* militarism? The incredible hap-

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pened (although the amount of determined opposition from a bewildered majority must not be overlooked). Violently autocratic, super-militaristic movements began to don the garments of the liberators and revolutionists. If Adolf Hitler and the men who supported him must be credited with having had any insight at all, it is this: they realized that almost the whole German nation—not only (and perhaps not preponderantly) the working class—was frustrated by the abortive character of the " revolution " that had or had not taken place at the start of the Republic.

The Nazi movement, which in reality was most contemptuous of popular feelings, carefully and with the utmost lack of scruples poured more and more oil into the fire and stirred up excitement and expectation and then, as if to satisfy it, offered the same answer offered to the Germans in 1806, 1813, 1848, 1870 and 1914: that the German revolution or liberation could become a reality only through a modernized and, to be sure, popularized militarism, through a " revolutionary " and excessively aggressive and expansionist militarism and, if need be, through war.

The first climax came on July 24, 1932, when General Field Marshal von Hindenburg, the Reich President, and von Papen, the Reich Chancellor, at last took the revolutionary step threatened by William II and Heinrich von Treitschke and used soldiers " against the interior ". The Social Democratic-Catholic coalition government of Prussia was physically expelled—to add insult to injury—by a military might consisting of one lieutenant and two men. The population had neither the leadership nor the organization to do anything against this revolution from above.

A few months later, Hitler fully capitalized on the German tradition of military " liberation ". His main asset has been the claim that he brought the long delayed " uprising ". In reality, he brought a bloody *persiflage* of the vaguely expected momentous change. It is illuminating that Hitler calls his own ascendancy to power, this mixture of intrigue, blackmail and terror, either " the National Socialist *revolution* ", or " the

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nation's *uprising*"—"*die nationale Erhebung*".[30] He knows that in the eyes of the Germans this adorns the birth of a régime.[31]

The Unfavorable Balance Sheet of German Militarism

The discussion of German problems and especially of the possibility of overcoming German militarism is frequently handicapped by a misconception spread by German militarists and non-German anti-militarists alike: namely, that German militarism has been constantly growing and that it is invincible. The opposite is true.

Ever since German (Prussian) militarism became a world problem, that is, since the time of Frederick the Great, its growth has by no means been a steady one, and its record has by no means been one of continuous success. On the contrary, no single phase of it has, as this survey has shown, lasted more than a few decades, and sometimes hardly one decade. After these comparatively short periods every single phase of German (Prussian) militarism and absolutism has collapsed.

Frederick devoted his talents and his country's money and sweat to assuring the continuation of his military régime after his own death; but it survived him only nine years, and suffered disaster in 1796. Though it was artificially maintained for a time, it was beaten beyond hope of repair in 1806. The

[30] Hitler, in order to prove his "legitimacy", sometimes stressed the "peaceful and legal" character of his ascendancy. However, National Socialist propaganda usually neglected this point in favor of the "revolution" and "uprising" angle. Hitler expected to find understanding for the use of illegal methods and of physical violence "against the interior". The old conservative spokesman, deputy Januschau, one of Hindenburg's Junker neighbors, said shortly before Hitler came into power: "It reeks of powder here, and we'll have shooting. The turn to the right has been made, a way back does not exist." Quoted by E. Schmittmann, *Deutsches Reich als Aufgabe* (pamphlet, Cologne, 1933), p. 11.

[31] National Socialist literature considers war, militarism and revolutions as synonyms. Typical examples of National Socialist books of poetry bear such titles as *The Flag of the Persecuted* by Baldur von Schirach, Supreme Youth Leader; *The Drum* and *The Fanfare* by Heinrich Anacker; *Bloody Songs* by Herbert Boehm; *In the Marching Rhythm of the S. A.* by Herbert Menzel; *Of Courageous Living and Brave Dying* by Kurt Eggers.

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reactionary régime following the Congress of Vienna broke down under the comparatively weak blows of a badly directed movement in 1848. Bismarck, it is true, defeated the armies of the Hapsburgs and Napoleon III. But the Bismarckian-Hohenzollern mixture of industrialism, feudalism and militarism lay prostrate by 1918, less than fifty years after it had been erected. And it is reasonable to hope that National Socialist militarism will be crushed after a span of time which, however immense in terms of suffering and destruction, will be little longer than one decade. The balance sheet shows that, in the 150 years between 1795 and 1945, Germany (Prussia) will have suffered four catastrophic military defeats (1795, 1806, 1918 and in the present war) and won only two military victories (1866 and 1870)—which, in reality, must be considered as *one* military project.[32]

Hence, the real problem, we repeat, is not the alleged invincibility of German militarism. *The real problem is: Why have the repeated collapses of German militarism never been definite?*

The secret of its formidability is its capacity to recover, time and again, from ignominious defeats against seemingly impossible odds. *The essence of German militarism lies in its method of self-perpetuation.* This self-perpetuation is assured by a scheme which may be called the "German cycle" and which runs approximately as follows.

The "German Cycle" (*Liberation* Through *Militarism*)

First Phase: Increasing popular unrest—pressure for "liberation" from outmoded institutions, for political and civil liberties. Side by side with this, there is development of military might, with emphasis on either the authoritarian (periods before 1866, 1914, 1939) or the revolutionary aspect of this military program (periods before 1813 and, to a certain extent, 1933-1939).

[32] The victory over Napoleon (1813-15) can hardly be considered a victory of Prussian militarism. It was a sequel to Napoleon's rout in Russia in 1812, and the war of 1813-15 was fought by a coalition in which Prussia was definitely a minor partner.

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Second Phase: Outbreak of war. The collaboration of the masses is sought by stressing the war's revolutionary (anti-authoritarian) character, and by representing the military effort as (a) bringing itself the "liberation", or (b) being the necessary prerequisite for it. The high pitch with which every war has been started in Germany (Prussia) since 1813, despite much domestic dissension immediately before the outbreak of the war, can be explained in this way.

Third Phase: In the course of the war (and the longer the war lasts the more so) its "liberating" or "revolutionary" aspect fades away, and German militarism again reveals increasingly its dictatorial and reactionary quality.

Fourth Phase if the War is Won by Germany: The dictatorial and reactionary trend is carried over into the post-war era; most of the promises remain unfulfilled. If some are fulfilled (for example, German unification in 1870), reforms are depicted as results of military efforts and as signs of the grace of military leaders, and not as fulfillment of the people's rights.

Fourth Phase if the War is Lost by Germany: Authoritarian militarism breaks down. But very soon, militaristic propaganda starts exploiting the revolutionary inclinations and expectations of uprooted groups, by depicting a recurrence of militarism as the prerequisite for social changes and national "liberation"; and, at the same time, this propaganda exploits anti-revolutionary attitudes by depicting a return to autocratic militarism as the prerequisite for liberation from revolution.

Until now, the fourth phase has been followed by the first, and thus the cycle has been repeated.

From now on, and in order to make the defeat of National Socialism a real turning point in history, *the "German cycle" must be broken.*

How can it be broken? It has been self-perpetuating, thanks to its ability to combine, in changing proportions, the two opposite elements of revolutionism and authoritarianism. The task, then, is to disentangle the two elements, and to make it impossible that they be combined anew.

For the first time, the concept of "liberation" must be *separated* in German political ideology from war and militarism.

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Otherwise, the defeat of National Socialism is bound to create in due time an even more colossal revenge complex in which the desire for change will take on the form of an even more outrageous militarism. Against this, Germany must develop a militant ideology inspiring liberation from, and not through, militarism.

At first sight, this will not be easy. For, the two aspects of traditional German militarism grow and decline, as it were, in converse proportion. The more the one sinks, the more the other rises. After 1918, the traditionally militarist Nationalist Party lost weight constantly, and neither its re-christening as "People's Party" nor the alternate imitating and decrying of Nazi extremism was of any avail. After Hitler, it will be even more impossible to rebuild German militarism on an openly reactionary platform.

The more abject the collapse of National Socialism, the more the militarists and National Socialists will try to use the "revolutionary" appeal of militarism. Perhaps they will not dare to do this at once. Perhaps they will wait a number of years, until general longing for peace and reconciliation will somehow weaken the vigilance of the victors. Then, they will assert that the "liberation" of Germany must be accomplished through a military revolution—a military explosion in grand style. This would again set in motion the "German cycle" and would of necessity lead toward extreme National Socialism.

Liberation From *Militarism*

But while this threat may lie in the future, the decisive moment to prevent it from developing (or, at least, to strengthen the defense against it) will be during and immediately after the concluding stages of the present war. During this period Germans must experience, for the first time, how it feels to break despotism. The nation must experience the ability to free itself from all the ersatz revolutions and "national uprisings" and blood-and-iron myths. Or, more precisely, those who have been abused by the National Socialist régime must experience the taste of redemption, and the guilty part of the nation the taste of final political ejection, and the wavering por-

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tions of the population must see that the new régime possesses finality and strength. After many an abortive attempt, the configuration, both German and international, of forces and events will at last be propitious for the German revolution.

The period of the swastika has piled up a longing for liberation of unparalleled intensity, in one part of the population; and an utterly unscrupulous determination to build an even more ruthless National Socialism, in another part. The latter is composed of those who have wielded power over hundreds of millions—power more unlimited than ever before possessed by a machine of suppression. Every realistic post-war plan must start from the assumption that this group will work inside and outside of Germany proper and, despite severe punishments, will be efficient, formidable and untiring. Therefore, the coming post-Hitler régime in Germany must be *militantly anti-Hitler*. Otherwise, its chances will be much worse than were those of the Weimar Republic.

Neither an Allied victory, nor an Allied campaign of punishment nor any army of occupation can give to the future German régime the strength that will be necessary to repel the coming onslaught of the militaristic reaction which must be reckoned with. The coming German régime must be able truthfully to claim that it owes its own existence, not to "foreign bayonets", but to their own uprising against Hitler, and to their own victory over National Socialism.

Militant German action against National Socialism will give to the future democratic German régime belief in its own strength, or, at least, in its own courage. This belief has been destroyed by the deplorable way in which the leaders of all German political parties yielded to Nazism in 1933 and even before. Furthermore, only an uprising against Hitlerism can unite the scattered and disunited anti-Hitler opposition and thus, perhaps, lead to the formation of the badly needed majority party in Germany. This majority party might be the beginning of a two-party system in Germany—a development which is eminently desirable. Finally, by settling their accounts with the National Socialist régime, the German people must start to pay off their immense debt to the outraged world,

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and it would indeed be strange if the Allies were to stop them in this task.

Unless the revolutionary energies created by Hitlerism be directed against Hitlerism itself, they may one day in utterly perverted form be directed against the freedom-loving world. Much emphasis is being given to the need for a re-education of Germany, and quite rightly so. But, to make any impression, even the best teacher must have a real story to tell. It would be palpably insufficient to tell the Germans of George Washington and the Storming of the Bastille. A new political conscience in Germany can be built only on the basis of the saga of Hitler's rejection by the Germans. The soul, as Plutarch said, is not a vessel to be filled but a fire to be kindled. The only inspiration for a beaten post-Hitler Germany will come from the experience of having accomplished a genuine cleansing of the vicious state into which National Socialism has transformed Germany.

The great strategy of the United Nations toward Germany must aim to accomplish three things: to defeat National Socialism politically, to defeat it militarily, and, at the same time, to enable the anti-Hitler opposition to lay the foundations for its future stability by staging and maintaining its own liberation. The defeat of National Socialism will be far from complete if the German militarists are allowed to keep their fraudulent monopoly of "liberating" the German people.

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THE TAXATION OF IMPUTED INCOME[1]

I

IMPUTED income may be defined provisionally as a flow of satisfactions from durable goods owned and used by the taxpayer, or from goods and services arising out of the personal exertions of the taxpayer on his own behalf.[2]

Imputed income is non-cash income or income in kind. But all non-cash income, or income in kind, is not included in the category of imputed income. For example, where income in kind is received in return for services rendered, we have an ordinary market transaction without a transfer of cash but with a direct monetary valuation implied.[3] Or, again, we may have income in kind arising from ownership which, for similar reasons, is not imputed income. Such is the case where the landlord receives rent in the form of produce.

Imputed income is, therefore, a species of the genus *income in kind,* and its distinguishing characteristic is that it arises outside the ordinary processes of the market.

Examples of imputed income may be given which correspond to the various types of income payments by distributive shares (paid to the classical "factors of production"). Thus we have *imputed rent,* which consists of the net value of the services rendered by a house to its owner (and occupier), for which he would otherwise pay cash rent to a landlord. The cate-

[1] This short study arose out of a broader enquiry in the field of income taxation financed by the Columbia Council for Research in the Social Sciences. The writer wishes to acknowledge the generous help provided by Robert Murray Haig and Carl Shoup of Columbia University, both in the general field of tax research (which they first opened to him) and in specific matters having to do directly with the present essay. Neither is, of course, responsible for opinions expressed or conclusions reached.

[2] The term "taxpayer" should be understood in a broad sense, including those who are grouped with the taxpayer proper as part of the taxpaying unit, e.g., his wife and dependents.

[3] If the recipient pays an income tax, the valuation will be required by the income tax authorities.

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gory may be widened to include the rental value of other owned durable goods such as automobiles, aeroplanes, refrigerators and the like. But where comparable cash rentals do not exist, it may be more accurate to think of imputed income here as a form of *imputed interest* on an investment in durable goods. *Imputed wages and profits* arise from services rendered by one's family or oneself, such as housework or tending the lawn (wages), and subsistence farming (wages and profit).

All income arising in the market, whether in cash or in kind, is theoretically subject to income tax. Exceptions arise where receipts, which are generally recognized to be income, are not taxed as they accrue for administrative reasons having to do mainly with the difficulty of taxing "unrealized" income;[4] and again where border-line receipts, especially receipts in kind, are declared not to be income by judicial decree while the economists split into two (or more!) camps.[5] But in general anything which looks like income and which arises in the ordinary processes of the market may be presumed to be taxable in the absence of some specific regulation or statute to the contrary.[6]

On the other hand, imputed gain with the clearest logical claim to be designated income is not subject to tax. Realization, separation, and every other subsidiary *criterion,* except the cash form (which is not decisive in other cases), may be

[4] For an exhaustive discussion of the realization criterion, see Roswell Magill, *Taxable Income* (New York, 1936), pp. 3-188, *passim.*

[5] The Supreme Court in Eisner v. Macomber, 252 U. S. 189, 40 Sup. Ct. 189 (1920), declared that stock dividends are not income. Definitions of income which stress neither realization in cash nor separation of receipts from the capital or property from which they spring are unequivocally opposed to the Supreme Court's conclusion. And it may be argued with much cogency that even the realization and separation *criteria* do not lead where the Court thought they did. See Henry C. Simons, *Personal Income Taxation* (Chicago, 1938), pp. 198-204.

[6] The definition of income adopted by the Court and reprinted in the Treasury *Regulations* is broad and vague: "In general, income is the gain derived from capital, from labor, or from both combined, provided it be understood to include profit gained through a sale or conversion of capital assets." U. S. Treasury Department, Bureau of Internal Revenue, *Regulations,* 103, 1940, Sec. 19.22(a)-1.

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met, but the anomalous status of imputed income is allowed to continue.

This essay will examine (1) the eligibility of certain types of imputed income to a place in the concept of income proper, and (2) the problems and possibilities of taxing imputed income from the point of view of equity and of efficiency.

II

Definitions of taxable income vary in scope, in the rigor with which they are applied by their creators, and in their practicability as guides to tax policy. There seems to be fairly general agreement, however, that taxable income should be defined in terms of individual gain.[7] The sum of individual incomes subject to tax need not, therefore, equal the national income, since the latter figure excludes pure transfers such as sales of assets, alimony, gifts, etc., which are variously, if not always logically, integrated into the concept of personal income subject to tax. Personal income is measured with reference to an accepted tax period, usually a year (capital gains are an exception), and, in Haig's definition, it becomes "the money value of the net accretion to one's economic power between two points of time."[8]

Since the individual must either consume or save his income, taxable income may also be defined as the sum of the individual's consumption and accumulation during a given period of time.[9] There are difficulties of money valuation which must be taken into account. But there is no doubt that the receipt of income in kind increases the economic power (i. e., the consuming or accumulating power) of the individual who receives it. Income in kind in the form of remuneration for services is

[7] See *supra*, note 6, and Simons, *op. cit.*, p. 50.

[8] Robert Murray Haig, *The Federal Income Tax* (New York, 1921), p. 7.

[9] See Simons, *op. cit.*, p. 49. Allowances are of course made for that part of the individual's *gross* receipts which are defined to be neither consumption nor accumulation, but rather bona fide expenses involved in getting income, or other deductible outlays: e.g., medical expenses (since 1942 revenue act), minimum care for dependents, personal exemption for bare necessities of life, taxes, etc.

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therefore properly included in taxable income by the federal government; it may be exempted, however, in certain cases, where the convenience of the employer doctrine is applied.[10]

Income in kind in the form of imputed income is in no way different so far as the individual is concerned. His power to consume and to accumulate is increased by its existence. A taxpayer who has acquired the sum of $20,000 (after payment of income tax) has the choice (among other, but similar, alternatives) of (1) investing the sum in, say, five per cent bonds, collecting $1,000 and spending the interest income left, after payment of income tax, on house rent; or (2) investing the $20,000 in a house, in which case he receives his rental services directly. If the tax is a flat 20 per cent with no exemptions, the first alternative leaves $800 for rent. The second alternative would yield rental services to the full value of $1,000 yearly, since the homeowner pays, under our statute, no tax upon his imputed income.[11]

Another major source of imputed income is the tedious and unrequited labor of housewives. Pigou has immortalized the innocent man who reduced the national income by marrying his housekeeper.[12] Under our statute he would be able also to reduce his income tax liability, since he could maintain the same level of comfort with a smaller cash income than before. The imputed wages of his wife should be at least as great as the cash wages of his housekeeper. But the former do not appear in the taxpayer's accounts, and he receives tax free the excess of her imputed wages over the cost of her subsistence.[13]

[10] E. g., the rental value of quarters furnished rent free by the employer is nontaxable to the employee, if his duties require that he live on the premises. See *Regulations*, 103, Sec. 19.22(a)–3, and Commerce Clearing House, *Federal Tax Service*, vol. I, pars. 53.055, 53.063, and vol. III, par. 7115–G.

[11] Not all this sum will be tax free, however, if expenses payable in cash are taken into account. This will be considered in Sec. IV.

[12] A. C. Pigou, *Economics of Welfare* (London, 1929), p. 33.

[13] This may sound harsh. But so far as our example is concerned the comparison is legitimate. It may *in fact* be much more expensive to keep a wife because of the extra things it is customary to buy for her. But these extra things are pure consumption expense, and they would probably be bought whether the wife kept house, or worked in a bakery to earn money to keep a

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In the real world, decisions to marry or not to marry are unlikely to be much influenced by the possibilities of tax avoidance. But the alternatives may appear in another form. Thus, a man and wife may have to consider whether the wife ought to continue her former occupation, using part of her earnings, after paying income taxes, to pay for household service; or whether the wife should herself keep house, earning imputed wages instead of cash and paying no income tax. Let us suppose that she is a competent school teacher, but an indifferent housekeeper. It may nevertheless be impossible for her to earn sufficient money, after taxes, to pay for household service as good as she could herself provide if she stayed at home. In this case, as in most other cases of imputed income from services, our tax laws tend to penalize specialization.

Another example among the numberless possibilities of imputed income from service would be that of a suburban dweller who has to decide whether to hire a gardener to care for his lawn, or whether to do the job himself. If he chooses to hire a gardener, he may have to work harder at his own profession in order to earn additional income on which he pays income tax, and the balance of which after taxes he pays to the gardener for his service. On the other hand, he may earn imputed wages by tending his own lawn, thereby making it possible to maintain the same degree of tidiness with a smaller cash income and therefore a smaller income tax liability.

In all these examples we have assumed that imputed income can in fact be measured by the money value of analogous services in the market. Thus, imputed house rent is determined by what an identical house would bring if rented for cash; the imputed wages of a man who fires his own furnace may be measured by comparing the going wages of janitors; and so on. It is clear, therefore, that in relating imputed income to a workable concept of taxable income we must amend our provisional definition. Ideally, perhaps, imputed income, like taxable in-

maid, or lived in comparative ease at home while her husband earned the extra money. The wife's occupation has no necessary connection with the money her husband spends on her, but it may have a great deal to do with the amount of income tax which the family unit is required to pay.

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come in general, should be defined as a flow of satisfactions, but in practice we must leave such imponderables out of our definition and concentrate on analogous market payments, the satisfaction involved in every case being presumptive only.[14]

This is not to argue that the definition of income in terms of a flow of satisfactions is philosophically unsound. It is perhaps the soundest criterion of all in a purely logical context. But it involves unmeasurable quantities not only in the form of psychic income derived from imputed wages, interest, profit and rent, but in the form of satisfactions derived from the receipt of analogous payments of cash income, as well as in the form of subjective valuations placed on the enjoyment of leisure, which is, of all satisfactions, the least susceptible of measurement in monetary terms.[15]

A tax on leisure might take the form of a tax on the individual's excess productive capacity.[16] But clearly any such

[14] An idealistic approach to income definition appears occasionally in our tax laws. Thus, excluding the rental value of an employee's quarters, because living where he does is a convenience to his employer, is based on an assumption that it is individual satisfaction, and not the mere market value of the employee's compensation, which constitutes income. But it also assumes that the employee would prefer to live elsewhere. This is surely not a universal reaction among men, such as (certain) hotel managers and apartment superintendents who find themselves so situated. But what shall we do with the man who derives his greatest housing satisfaction from living in the quarters provided by his employer? If satisfaction is to be the criterion, we ought to increase his income by more than the market value of the quarters provided! And even if he prefers to live elsewhere, only part of his rent should be exempted, unless he derives no positive satisfaction from it whatever. Iowa adds a provision excluding the rental value of quarters provided by the employer where it is clear that the employee would prefer to live elsewhere as evidenced by the fact that he maintains other quarters. But this does not quite meet the issue. See Iowa State Tax Commission, *Rules and Regulations Relating to Personal Net Income Tax*, 1941-42, Art. 27, and *supra*, n. 10.

[15] In addition to all the possible divergences of money income and income in the form of satisfactions, there is an inevitable divergence due to the general preference for present rather than future satisfactions. This means that equal satisfactions will have different market values if one is available now, and the other is available, say, a year hence. Pigou, *op. cit.*, ch. ii.

[16] For an analogous scheme applied to corporations to overcome monopolistic restriction of output, see Benjamin Higgins, "Post-War Tax Policy", *Canadian Journal of Economics and Political Science*, vol. 9 (August 1943), especially pp. 425 *et seq.*

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tax administratively possible could be only a very clumsy instrument, even if the end were considered desirable. One man's work is another man's leisure; and it is probable that the exemption of some forms of imputed income is not an unmixed evil from the point of view of equity in taxation. If we were to tax a man on his imputed income from trimming his lawn (which we may assume he does as a hobby), why should we exempt the man who neglects his lawn because he likes tall grass and the leisure to contemplate it? If we were to tax *all* forms of imputed income we should put a premium on idleness as a way of employing leisure time. It is probable, therefore, that a considerable amount of imputed income should remain exempt from tax because it tends to balance the exemption of leisure income and thus to restore in a measure the balance between work and leisure as alternative ways of using one's time.[17]

There is little danger, however, that the taxation of imputed income will become too broad for equity, because other factors set fairly narrow limits to any proposed imputed income tax base. In the first place, the imputed income from a multitude of activities cannot be assessed properly, or, when assessed, it amounts to so little that it is not worth the administrative trouble and expense. For example, shaving oneself instead of going to a barber yields imputed income; so does the use of personal goods such as furniture, clothes, crockery, etc. But, with the possible exception of the larger pieces of furniture, it is unlikely that a tax on imputed income from these items would be worth the trouble, from the point of view either of revenue or of correcting existing inequities. Finally, some

[17] The income tax on cash income also tends to destroy the balance between work and leisure to some extent. When rates are sharply progressive, individual productivity may be inhibited because, after work income is discounted for the tax, untaxed leisure income becomes the more attractive alternative. A brief discussion of "leisure as income" appears in Simons, *op. cit.*, pp. 52-53, 111, and 111, n. See also J. E. Meade and C. J. Hitch, *An Introduction to Economic Analysis and Policy* (New York, 1938), pp. 256-57. For wartime problems of providing incentive with high income taxes see Carl Shoup, "Problems in War Finance", *American Economic Review*, vol. 33 (March 1943), p. 76 and *passim*.

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rather large items of imputed income may properly be left out of the tax base because most of the recipients are below the exemption level under the income tax even with imputed income added. This would be true in the main of imputed wages from housework.[18] And this category of imputed income is especially competitive with leisure income, so that there is further reason on equity grounds for leaving it alone.

With regard to the eligibility of imputed income for a place in the concept of income proper, we may conclude, then, that all imputed income should be contemplated in an ideal concept, along with income from leisure; but that the necessary exclusion of the latter from any practical concept of taxable income makes the exclusion of some types of imputed income less objectionable on equity grounds. This leaves, for purposes of taxation, imputed rent from owner-occupied urban and rural homes, and from owner-used automobiles, aeroplanes, radios, electrical appliances and furniture. The most important of these is imputed residential rent, and we shall pay most attention to that in what follows; but with regard to equity considerations one set of general principles will be applicable to all.

III

If our purpose in taxing imputed income is to establish a more equitable tax system, the amount of additional revenue will be of secondary importance. In normal times, rates would presumably be lowered and the new low rates would be applied to imputed as well as to cash income to yield the same revenue as before. When revenue requirements are increasing, as in time of war, the taxation of imputed income will raise more

[18] In 1940, the imputed wages from housework ranged from $14.5 billions to $28.9 billions, with a plausible intermediate value of $21.7 billions. In the estimate, services were valued at average rates ranging from $500 to $1,000 per year, with an intermediate value of $750. The number of individuals, male and female, "engaged in own home housework" is 28,931,869, according to the census, *Sixteenth Census of the United States*, 1940, "Population", vol. III, Part I, p. 3, Table I. Simon Kuznets' figure for imputed income from housework is $23 billions for 1938. *National Income and Its Composition, 1919-1938* (New York, 1941), p. 433.

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revenue without a rise in rates; the new revenue is raised by closing loopholes in the present tax law.

Nevertheless, it may be desirable to estimate the amount of imputed income in taxable categories, not only for revenue purposes, but to give some rough measure of the prevailing inequity. It is notorious, however, that over-all figures do not give a *true* picture of over-all inequity, because inequity is a personal matter which cannot be summed any more than we can compute global figures measuring utility, or sacrifice, or the beauty of holiness.

It is possible to estimate the amount of imputed rent on owner-occupied homes by the use of census figures. The estimate for 1940 is $4,747,257,648. But all this will not represent taxable imputed rent, even if we ignore the fact that, under our income tax law, some rent in the lower brackets of income will be nontaxable because of personal exemptions and credits for dependents. The figure represents *gross* imputed rent and it should be reduced by outlays for repairs, depreciation and insurance, which the homeowner must in fairness be allowed to deduct. He already deducts mortgage interest and real estate taxes [19] so that no additional allowance need be made for these items in calculating the net *addition* to taxable income through the taxation of the imputed rent of owner-occupied homes. The net figure arrived at for 1940 is $1,898,900,000.[20]

[19] Treasury Department, *Regulations*, 103, Income Tax, Secs. 19.23(b)–1 (interest) and 19.23(c)–1 to 3 (taxes).

[20] The above figures include owned farm homes as well as urban and rural nonfarm homes. In the case of farm homes, the estimate does not include the rental value of the land on which the farmhouse stands; but the rental value of nonfarm homes does include an allowance for land rent. Both components are derived from census figures. An estimate of the rental value of farm homes is given in the census, *Sixteenth Census of the United States*, 1940, "Housing", vol. II, Part I, p. 45, Table 14. The monthly figure given is $44,818,911 and the annual rental is therefore $537,826,932. The gross rental value of urban and rural nonfarm homes is $350,785,893 monthly, according to the census (*ibid.*); and the annual rental is therefore $4,209,430,716. From the total (farm and nonfarm) gross rental figure, $4,747,257,648 annually, net rent is derived on the assumption that ownership expense is 60 per cent of the gross rental, with no allowance for mortgage interest and real estate taxes (for reasons given in the text). Our estimate may be compared with that given by Simon Kuznets for net imputed rent in 1938, $1,420,000,000 (*op. cit.*, p. 735,

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Compared to imputed residential rent, the other items of taxable imputed income are almost insignificant.

In 1935-36, automobiles ranked fifth among consumer expenditures in the United States (purchase price and operating costs during a year), but they were far below housing.[21] And, in common with the other minor items (especially radios, electrical appliances, aeroplanes), there are no strictly comparable rentals, since the satisfaction received from an owned machine is not in general comparable to that received from a rented one. Rented vehicles can supply only a small part of the services performed by the family car, and these are likely to be the more "expensive" ones[22] (holiday outings, theater, etc.), especially where prestige takes precedence over mere transportation, as when one wishes a "hired Cadillac with chauffeur".

We may estimate net imputed income from automobiles and other durable consumers' goods by first estimating the capital value of new and old goods now being used, and taking a percentage of this figure based on the long-term rate of interest for safe investments. The result is really imputed interest rather than imputed rent, and may be called, in fact, the imputed interest on investment in durable consumers' capital.

Table F5). Kuznets' estimate is net after mortgage interest and real estate taxes; and, on this check, $1,898,900,000 for 1940 looks conservative, if mortgage interest and real estate taxes are left out of account in calculating the ratio of expense to gross rental income.

The "operating ratio" (ownership, or operating, expense as a percentage of gross rental income) is difficult to reduce to a useful average. Heating and ventilating costs vary with climatic conditions, taxes vary with states, alterations and repairs vary with regional wage levels, and so on. There is not much help in the literature, but estimates of the operating ratio have of necessity been made. See, in this connection, W. I. King, *Income in the United States*, II, edited by W. C. Mitchell (New York, 1922), p. 228, n. 2; Department of Commerce, *National Income in the United States 1929-35* (Washington, 1936), p. 178; National Association of Building Owners and Managers, *Office Building Experience Exchange Report* (Chicago, 1940 and earlier years); Simons, *op. cit.*, p. 112, n. 3; and Kuznets, *op. cit.*, p. 753.

21 National Resources Planning Board, *Consumer Expenditures in the United States* (Washington, 1939), p. 5.

22 I. e., those of higher marginal utility, or those higher on the individual's preference scale.

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The estimates are as follows (imputed interest at 3 per cent):

Automobiles	$225,500,000 [23]
Furniture	75,000,000 [24]
Electrical Appliances	47,756,000 [25]
Radios	13,813,000 [26]
Aeroplanes	426,000 [27]
Total	$362,495,000

[23] Cars in existence are reduced to new car units by assuming a life of seven years. See *Census of Wealth, Public Debt, and Taxation*, 1922, "Estimated National Wealth", p. 11. These are valued by reference to the percentage of new cars in each price class in 1940 as given by The Automobile Manufacturers Association in *Automobile Facts and Figures*, 1940. The value of cars in existence in 1940 is estimated to be $7,516,174,000 plus a nominal sum ($25) as the junk value per car in 1940 of cars produced in 1933, or a total of $7,516,557,000.

[24] This figure is based on the assumption that the average life of all types of furniture is ten years; that 1939 sales are typical of other years; that four fifths of manufacturers' sales of household furniture are for owner use; and that the retailer's mark-up is 30 per cent. The retail value of owned furniture in use in 1940 is estimated to be about $2.5 billions, which at 3 per cent gives $75 millions imputed interest. For basic figures see *Sixteenth Census of the United States*, 1940, "Distribution of Manufacturers' Sales", preliminary report compiled and published by the Census of Business, July 5, 1941, Table I, p. 4, and *ibid.*, "Census of Business", vol. V, p. 77, Table 2.

[25] Heavier items (vacuum cleaners, ironing machines, oil burners, ranges, refrigerators, stokers, washing machines, water heaters) are reduced to new units figures on the basis of a five-year life, and valued with the aid of data from *Electrical Merchandising*, January 1940. Total capital value is $1,591,871,000. No allowance is made for the smaller items, such as clocks, cookers, casseroles, heaters, heating pads, hot plates, irons, percolators, toasters, dry shavers, and waffle irons. The value of these might be estimated for tax purposes as a certain percentage of the value of the dwelling unit. See also *Sixteenth Census of the United States*, 1940, "Manufactures 1939", vol. II, Part II, pp. 377-78.

[26] Radios are reduced to new units figures on the basis of a five-year life. The data are from *ibid.*, preliminary report of the census of manufactures for 1939, December 19, 1940, p. 2 (final figures appear in *ibid.*, "Manufactures 1939", vol. II, Part II, p. 389); and *Electrical Merchandising*, January 1940. Values are assigned by groups according to the proportion of each type (table models, consoles, auto radios, portables, console combinations) produced in 1939 and its average retail price. Total value of radios in use in 1940 is an estimated $460.44 millions.

[27] Aeroplanes are reduced to new units figures on the basis of a six-year life and production figures for pleasure models. U. S. Department of Commerce,

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Total taxable imputed income, according to these estimates, would amount to $1,898,900,000, plus $362,495,000, or, rounding the figures, to $2,261,000,000. Imputed rent is net before mortgage interest and real estate taxes, for reasons given above. Again, in so far as automobiles and other durable goods are bought on the installment plan some adjustment might be needed, in a more precise computation than ours, because interest charges on ordinary installment contracts are not deductible by the taxpayer. This would not be a consideration to the extent that buyers finance their purchases through cash loans from banks or from sources other than installment credit channels.[28]

Certain items of imputed income have been left out for one or all of the following reasons: (1) smallness of the item in relation to the difficulty of computation by the taxpayer (and the government); (2) the fact that it accrues largely to individuals in lower income groups whose total income (cash and imputed) would be insufficient to leave any considerable taxable income after personal exemption and credit for dependents;[29] and (3) the fact that some items, especially imputed income from services performed by the taxpayer or his family, are likely to compete with idleness as a way of spending leisure time. Imputed wages of housewives were eliminated for

Civil Aeronautics Journal, vols. I (1940), II (1941). This figure is reduced to allow for pleasure planes used by other than their owners, and the remainder is valued at a flat $1,500 each. The capital value of owner-used pleasure planes in 1940 is estimated to be $14.2 millions. But imputed income from owner-used pleasure planes is likely to increase much faster than any of the other items above during the next twenty years.

[28] In cases where a conditional sale is the sales financing basis, no cash is advanced and the interest charge borne by the purchaser is merged into the "time price" of the good. If the purchaser borrows cash from a bank or other agency and uses this cash to purchase the commodity, then the debt contracted will carry an explicit interest rate. In the latter case, interest is deductible from taxable income and no adjustment is required. (The writer is indebted to Raymond J. Saulnier for the distinction made in this footnote.)

[29] Wartime taxes with higher rates and lower exemptions put many with lower incomes into taxpaying brackets; and inequity from the exemption of imputed income becomes sharper. It is likely, too, that the "normal" exemption level for income taxes will be lowered after the war. In this case some of these items of imputed income may become more important for tax purposes.

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reasons (2) and (3). Another item, not discussed or estimated above, is the imputed profit from cow keeping, gardening, poultry raising, etc. The total for imputed profit is not large and it might therefore be eliminated for reason (1) above.[30] Reason (2) would apply only with important exceptions, but reason (3) seems to apply very well. The bucolic atmosphere which is inevitably asociated with this type of imputed income is likely to arouse our sympathy just as it is aroused by the housewife's drudgery; but a more rational argument would urge that the alternative is likely to be some patently unproductive form of leisure.[31]

IV

The problem of deriving net from gross imputed income, which we were bold enough in the preceding section to reduce to a simple percentage,[32] presents a more difficult side in individual cases, where averages have doubtful value. But it is individual cases which must be taken into account if we wish to achieve the greatest degree of equity through the taxation of imputed income. While we cannot discuss here the facts and estimates upon which our general percentage is based, the relevant considerations for the individual taxpayer will appear as we examine an hypothetical case.

Let us suppose, to return to our original example (p. 517), that the residential operating ratio is 60 per cent; in other words, that for every dollar of rent received by the landlord, 60 cents is paid out for repairs, insurance, real estate taxes, etc. We ignore depreciation for the moment, since it varies with the assumed life of the house.

With this operating ratio, $1,000 of cash or imputed rent represents only $400 of net rent. The capital value of the

[30] See W. I. King, *The National Income and Its Purchasing Power* (New York, 1930), Table CXXXIII, p. 379. For his method consult *Income in the United States* (1922), pp. 229-30, and Kuznets, *op. cit.*, p. 422, n. 4. King's figures for 1927 are: profits from urban cow keeping, $109 millions; income from urban poultry and gardens, $136 millions; total $245 millions.

[31] See *supra*, pp. 519-20.

[32] See *supra*, n. 20.

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house is not the capitalized value of $1,000 at 5 per cent, or $20,000, as in our original example (p. 517). This would be true only if the whole $1,000 were net, and houses were expected to last forever.

To make the computation of depreciation simple, let us suppose that the house has a very short life of, say, seven years.[33] The value of the house will be based on the net value of its services over the seven-year period (7 x 400 = $2,800). But the buyer will lose the interest on money tied up in the house; he must, in our example, sell securities yielding 5 per cent interest in order to make the investment. If the house were to sell for $2,800 there would be no takers, provided buyers were rational, because the identical services could be obtained by an outlay of $400 per year net rent to a landlord,[34] while leaving the securities at interest. The present value of these services over the seven-year period is $2,314.55, and this is the top price which a perfectly rational buyer would be willing to pay under the circumstances.

The difference between the total value of services over the seven-year period and the market price of the house (the present value of services as seen in the first year) is the imputed income for the period, and amounts in this case to $485.45. We can see this, along with the imputed income year by year, in Table I.

Column C in Table I, showing the present value of the seventh year's rental services at various yearly stages in the life of the house, is also, necessarily, a schedule of the appropriate depreciation charges per year if the sinking fund method of depreciation accounting is adopted. Thus, $284.27 at 5 per cent interest amounts (with a small adjustment, see Table I, n. a) to $298.49 at the beginning of the second year. Now, if another $284.27 is put aside at the beginning of the second year and the $298.49 is allowed to remain in the fund at interest, we have a cumulated fund of $582.76, which becomes $896.17 at the be-

[33] This may be reconciled with reality by imagining that the house is a prefabricated temporary model for use in war industry centers.

[34] Plus expenses, which are paid indirectly by the tenant as part of his rent; but these are paid by the homeowner directly as ownership expense.

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TABLE I

IMPUTED RENTAL VALUE OF OWNER-OCCUPIED TEMPORARY HOUSE [a]

Year	A Present Value of house first of each year	B Imputed Rent net before depreciation [b]	C Annual Depreciation Charges (sinking fund method) [c]	D Imputed Rent net after depreciation (B—C) or (5 per cent of A)	E Value of House at the end of each year (A—B+D) or (A—C)
1.	$2,314.55	$ 400.00	$284.27	$115.73	$2,030.28
2.	2,030.28	400.00	298.49	101.51	1,731.79
3.	1,731.79	400.00	313.41	86.59	1,418.38
4.	1,418.38	400.00	329.08	70.92	1,089.30
5.	1,089.30	400.00	345.54	54.46	743.76
6.	743.76	400.00	362.81	37.19	380.95
7.	380.95	400.00	380.95	19.05	0.00
Totals ..		$2,800.00	$2,314.55	$485.45	

[a] It is assumed throughout that the appropriate interest rate is 5 per cent. Small adjustments have been made in some of the figures to avoid fractional values.

[b] I. e., the value of rental services in the year accrued.

[c] I. e., the present value of rental services to be obtained in the seventh year, as of the beginning of each year.

ginning of the third year when interest is added and an additional $284.27 is put into the fund. At the end of seven years, accumulated depreciation in the fund is $2,314.55, as we can see by adding together the yearly charges.[35]

The summary in Table II gives the sources and amounts of taxpayer A's income, who starts with $20,000 invested in securities at 5 per cent and sells part of them to buy our hypothetical house. It gives his income for the first, second and seventh years. His aggregate income, like that of taxpayer B, who likewise starts with $20,000 in securities at 5 per cent but chooses to rent, is exactly $1,000 for these years as well as for all the intervening years.

[35] Using the sinking fund method, the yearly charge to depreciation, for any year, is the annual deposit plus accumulated interest; the actual amount set aside out of current income *outside the fund* is the amount of the annual deposit only ($284.27, in our example). But this in no way lessens the total charge throughout the service life of the good. See W. A. Paton, *Advanced Accounting* (New York, 1941), p. 288.

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TABLE II

HOMEOWNER'S INCOME OVER LIFE OF HOUSE

	Year 1	*Year 2*	*Year 7*
Cash			
Security Holdings,[a] $17,685.45 at 5 per cent.	$ 884.27	$ 884.27	$ 884.27[b]
Accumulated Interest on Depreciation Fund		14.22	96.68
Imputed			
See Table I, Column D	115.73	101.51	19.05
Total Income for Year	$1,000.00	$1,000.00	$1,000.00

[a] $20,000 less his $2,314.55 investment in the house. We are assuming, for our purposes, that securities are indefinitely divisible. In fact, he would have to sell some approximation to this amount.

[b] Of this amount $600 is paid out for repairs, insurance, real estate taxes, etc. The other $284.27 is the depreciation charge for the first year, using the sinking fund method. Similarly it will be noted that in all the other years cash income is equal to the $600 of ownership expense plus depreciation.

At the end of year seven, A has accumulated enough in his depreciation fund to enable him to buy a new house at $2,314.55 and begin the cycle again, or he may revert to holding securities and use the additional interest to provide the extra $400 of cash income needed in order to rent a house exactly like the one he owned. At the end of the period, therefore, his position is exactly the same as B's in all respects. And throughout the period his income situation remains exactly the same, although the form of his investment differs. It would seem, therefore, clearly unfair to tax B on $1,000 per year throughout the period, while A is taxed only on that (progressively increasing) part of his income which is found in Table II under the heading *Cash*. In our example, $485.45 of A's income over the seven-year period (i. e., his imputed income from investment in the house) entirely escapes taxation.

V

From what has been said in the preceding section, it would appear that the required change in the present income tax law should consist in (1) extending the deductibility of deprecia-

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tion[36] and other ownership expenses to the case of durable goods (including houses) used by their owners for other than business purposes; and (2) taxing the imputed income (rent or interest) arising from their use.

To return to our example, the tax base for the seven-year period is $485.45 (Table I, Column D), and the total tax (at a flat 20 per cent) is $97.09, or $13.87 yearly with straight line depreciation.[37] With the sinking fund method, annual taxes would decrease year by year,[38] but the total for the seven years would be precisely the same under our assumption of a flat tax and no exemptions.[39]

However, a rough equity between tenant and homeowner may be served by exempting analogous forms of cash income instead of adding imputed rent to the tax base.[40] It may be worth while to consider the alternatives offered.

A universal policy of exempting analogous forms of cash income corresponding to various imputed categories would be equitable but self-defeating as a revenue measure, since no one would then pay an income tax. On the other hand, broadening

[36] The depreciation allowance on a durable good is deductible from gross income when it is rented for remuneration, while it is non-deductible to the owner who uses the good himself for other than business purposes. Treasury Department, *Regulations*, 103, Sec. 19.23(l)–1. Other ownership expense is not deductible to the homeowner with the exception of real estate taxes and mortgage interest, and the same applies of course to other durable goods except that real estate taxes become irrelevant. All such expenses are deductible if the good is rented for cash or if it is used by the owner in his business. *Regulations*, 103, Sec. 19.23(a)–1, 3, 4, 10.

[37] Annual depreciation charge $330.65; net imputed annual rent after depreciation $69.35; annual tax (20 per cent of $69.35), $13.87.

[38] That is, for the first year $21.39 (20 per cent of $106.95); for the second year $19.05 (20 per cent of $95.23); and for the seventh year $5.85 (20 per cent of $29.23). The annual imputed income figures in this note are adjusted for the tax. But total imputed income over the seven years will be the same.

[39] Note that in every case where a tax is levied on cash income or on cash and imputed income together, it must be paid out of other income not shown in our example. If it is not, the allowance for gross (and net) rent would have to be reduced and poorer housing accommodation accepted. It does not seem desirable to complicate matters further by making this adjustment.

[40] The argument applies, of course, to any owner-user of a durable good and any renter of the same type of good.

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the tax base to include imputed income would entail no such contradictions; and it would seem, therefore, to be prima facie the better policy.

On the other hand, narrowing the tax base by exempting rent may lead to inequities due to the incidence of the higher tax rates which will then be necessary. There may also be inequity among tenants occasioned by deducting a flat fraction of rent assumed to be "net". Any rent deduction, whether net or gross, is likely especially to favor those tenants who receive extra services as part of their rent, since they might then deduct part or all of their gas bill, or their telephone bill, if these services were included in their rent payment.[41] It would seem, therefore, that the partial application of the deliberate exemption of cash income, to equalize the automatic exemption of imputed income, may give rise to further inequality. It amounts in effect to the alleviation of inequality through the extension of privilege.

Equality of various degrees may be achieved, then, by (1) taxing net rent, allowing deductions for expenses of tenant and homeowner alike;[42] (2) exempting net rent, with no deductions

[41] See Simons, *op. cit.*, p. 116.

[42] The tenant's "expenses" are vicarious. They amount, in fact, to that part of his rent payment which the landlord uses for depreciation, repairs, insurance, real estate taxes, etc.

Some effort is made in Europe to tax net imputed rent, but nothing seems to be done about the expenses vicariously paid by the tenant, so that equity at best would be incompletely attained. For English practice, see Charles H. Tolley, *Chart-Manual of Rates, Allowances and Abatements* (26th ed. London, 1941-42), p. 77: "Schedule A. No. 1. On Land and Buildings . . . Assessed on the net Annual Value, that is, the estimated Rental Value less an allowance for repairs, &c." French and German practice is summarized in two publications by the Treasury Department: *Income Tax Laws of France* (Washington, 1938), pp. 13, 14; and *German Income Tax Laws* (Washington, 1938), pp. 9-15. Simons says (*op. cit.*, p. 117) that Australia taxes net imputed rent by taking a percentage of the capital value, but his source is a 1923 publication. Carl Shoup states (in an MS now in preparation): "a search of the 1936 Commonwealth Income Tax Assessment Act reveals no such provision; and similarly an examination of the state statutes currently in force reveals no provision of this kind. For taxation on an annual rental value basis (apparently since abandoned) in Victoria, see Third Report, Australian Royal Commission on Taxation of 1934, p. 147."

The State of Wisconsin taxed "estimated rental of residence property occupied by the owner thereof" under its original income tax law of 1911. The

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for expenses to tenant or homeowner; or (3) exempting all rent, allowing the homeowner deductions to correspond to the expense items included in the tenant's gross rent.[43]

But (2) and (3) are bound to make expenditure on housing (whether through purchase or hire) more attractive than it would be in the absence of the tax. The value of housing services may rise and limit the new, higher demand; but wherever the supply of housing has an elasticity greater than zero, investment in housing will be pushed farther than it would have been if consumer choice were uninfluenced by a bias in the tax system. The effect therefore is to favor those who attach more importance to housing than to other forms of want satisfaction; just as the effect of exempting imputed rent only is, more narrowly, to favor those who prefer owning to renting where the total outlay in either case for a given quality of housing is the same.

Compelling reasons from the point of view of administration might be allowed, in specific cases, to override the considerations in the previous paragraphs. Thus, in view of the apparent difficulty in administration, it might be justifiable to allow a partial deduction of the rent paid by the tenant sufficient to exempt the net rent which is automatically exempted as imputed income to the homeowner.

Further justification for such an expedient appears with high wartime tax rates, for the following reasons.

First, the general case for equalizing the treatment of homeowner and tenant is strengthened in wartime on the grounds (1) that the initial bias against the tenant is aggravated by

Tax Commission recommended its discontinuance in the *Biennial Report* of 1916 (pp. 46-47). In 1917, this section was amended to exclude the provision taxing imputed rent. Session Laws of Wisconsin, 1911, Ch. 658, Sec. 1087m-2.2(a), and 1917, Ch. 374.

[43] The federal government of the United States in 1863, when it amended the Civil War income tax law, provided that "the amount actually paid . . . for the rent of [a] dwelling house or estate . . . shall be first deducted from the gains, profit or income. . . ." *Statutes at Large*, 37th Cong., Sess. III, Ch. 74, sec. 11. In this case equity was sought, not by extending taxable status to include all rent, but by universalizing instead the untaxed status of imputed rent.

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higher tax rates; (2) that tax savings are not "capitalized" into higher home values, or tax discrimination avoided by shifting from renting to owning on any large scale because of the "temporary" nature of the disturbance.[44] A disproportionate part of the cost of the war is therefore placed upon the shoulders of the tenants.

Second, choice of means in wartime must take account of the fact that a revision of the tax base to include net imputed rent may be difficult to effect quickly. It would involve new complexities for the homeowner in calculating his deductions and for the Collector of Internal Revenue in checking them. And, since the fruit of the homeowner's extra toil is an addition to his taxes, such a policy might not appeal to the homeowner without a period of education. On the other hand, the opportunity to deduct part of his rent would be welcomed by the tenant, the deduction would be simple to make, and the Treasury could recoup by raising rates, thereby maintaining revenue while leaving the tenant in a better net position than before. The argument applies a fortiori to the exemption of net rent under a peculiarly wartime measure such as a progressively graduated spendings tax.

The taxation of imputed rental income is closely allied also to the problem of capital gains and losses. It is clear that a rise in comparable cash rentals and/or interest rates on comparable investments yielding cash income should mean an increase of imputed income and therefore more taxes. But conversely a fall in the same magnitudes might result in an imputed loss, which ought logically to be deductible.[45] Equity between homeowner and tenant might be difficult to establish here, since the homeowner would presumably receive annual deductions for his imputed capital loss instead of a single lump-sum deduction as in the case of a capital loss on intangible assets,

[44] Even if the adjustment were made, discrimination against the use of rented houses (and therefore against investment in houses for rent) would persist.

[45] The writer is indebted to Carl Shoup for the treatment of imputed losses as a variant of the general problem of capital gains and losses. The point is made in an MS now in preparation.

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like the securities in our example, owned by the tenant. There would be no difficulty, however, if the tenant were allowed to deduct his net rent, the homeowner receiving an automatic deduction of a like amount. In this case, imputed rent would not be taxed; hence imputed losses would be irrelevant to the computation of taxable income.

In spite of these administrative advantages, equity in the broadest sense is served only when net imputed rent is added to the taxable income of the homeowner.[46]

VI

It is often argued, with some justice, that old taxes are good taxes. It may also be urged, in the present case, that old inequities are good inequities, because in fact inequity disappears over time due to the capitalization of differential tax advantages. Each taxpayer will direct a greater part of his investment into the untaxed, or lightly taxed, channels until again the marginal net income (after taxes) from each form of investment is the same.

But, even if *personal* discrimination, among individuals in roughly equal economic circumstances, disappears in the long run,[47] there is, nevertheless, an impersonal discrimination among types of investment, unless all are taxed equally. Aggregate investment in untaxed forms will be pushed to the point at which their prices, relative to their marginal yield, will give a net rate of return equal to that of the alternative forms of investment when adjusted for tax. This means that, in a case where imputed income is exempt from taxation, investment in durable goods yielding direct services will be pushed farther than would have been the case in the absence of the tax.[48] This

[46] Method (1), *supra*, p. 531.

[47] It may disappear only because the differential has been capitalized and absorbed by the owner in possession when the differential tax treatment was "announced". (The writer owes this caution to Professor Haig.)

[48] Note that the "least aggregate sacrifice" principle is violated (only the economists treasure it anyway), since taxpayers in the aggregate sacrifice more than they would in the absence of discrimination where marginal returns are equal. Curtailment of investment of one sort means the sacrifice of returns above the margin; extension of the other sort of investment means ever-decreasing sub-marginal returns.

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effect is clearly undesirable if it is held that the optimum allocation of resources is that which obtains when choice among alternatives is free from interference by the taxing authority.[49]

If the alternatives were investment in some remote substitute, the general effect of taxing imputed interest or rent would be to lower the prices of durable goods and raise the price of the preferred alternative until the returns net after tax were the same. But the clearest alternative in most cases is to rent rather than to own. For example, in the case of houses, there will be an increased supply of owned homes for sale, which would ordinarily depress house values, but at the same time there will be an increased demand for houses to rent in order to take care of the new tenants. In a frictionless market the new supply of homes for sale would exactly balance the new demand for houses to rent; house values and rents would be unchanged, as far as this operation is concerned, but there would be a wholesale shift from owning to renting.[50]

The impact effect of extending the concept of taxable income to include imputed income might lead to some bona fide inequality for those who had bought heavily in housing and durable consumers' goods after the tax differential had been capitalized, that is to say, at high prices relative to imputed rental value. Especially immobile homeowners would suffer an imputed capital loss. In cases where the owner has had his home since 1913, this loss would merely balance the cumulated capital gain arising from the initiation and subsequent extension of an income tax exempting imputed income. The capital loss due to the new tax treatment will be absorbed by the homeowner, in any case, unless he is a marginal homeowner and

[49] There is, of course, no case for purely arbitrary interference. Under imperfect competition, however, the optimum allocation of resources may depend in a given case upon the judicious use of the taxing power for "non-fiscal" purposes.

[50] The attendant increase in the national real income would be in terms of improved housing service through greater specialization; otherwise there would be no shift when tax discrimination is removed. The shift takes place to the extent that the advantages of specialization have been nullified by the tax differential.

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chooses to become a tenant.[51] But in the long run, not only will these initial burdens disappear,[52] but the impersonal discrimination among types of investment will disappear as well. There will be no tax-induced bias in favor of any type of investment and against any other, and the resources of the community will be allocated among various alternative uses in the same proportions as they would have been in the absence of the tax.[53]

In the long run, therefore, the size of the national real income may be favorably affected by the removal of tax discrimination against investments yielding cash income, which now interferes with the optimum allocation of resources in the economy. Weighty reasons may perhaps be advanced for continuing the discrimination in order to encourage home owning (and durable goods owning) even at the expense of the nation's output of goods and services.[54] But the case appears strong for a change in our income tax law which would not only remove inequalities in apportioning the burden of the tax, but would create as well a potential increase in everyone's welfare through an increase in the efficiency of the economic system as a whole.

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[51] Note that the homeowner may still prefer homeowning to renting after the tax, on purely rational grounds. The lower imputed rental value of his home, after the tax, may still be a greater proportionate return than he could get from any alternative investment. If this were not so, every homeowner would become a tenant because of the new tax treatment.

[52] Even when the marginal homeowner, who really ought to transfer to renting, finds it difficult to do so for reasons of sentiment, prestige or lack of opportunity, personal discrimination disappears eventually. In the long run (paraphrasing Keynes), the taxpayers are all dead too!

[53] The expenditure of the tax money by the government may alter these proportions, but if taxes are adjusted to expenditure and not vice versa, the effect of government investment upon private economy is given before the tax is levied. The point here is that there should be no further repercussions from the tax itself.

[54] Exempting imputed wages and profits also reduces the national real income in so far as it discourages specialization. See *supra*, p. 518.

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THE SIGNIFICANCE OF THE ACT OF SETTLEMENT IN THE EVOLUTION OF ENGLISH DEMOCRACY

GEORGE M. TREVELYAN, in one of the more striking passages in his masterpiece on the Stuarts, observes that in the four years between the wars of William III and the war of the Duke of Marlborough "the English people and the English Constitution of that day were seen in their most free and characteristic mood, at their worst and at their best."[1] It was during that period that the Act of Settlement was passed by Parliament. Despite the fact that many authorities on the constitutional history of England have, like Trevelyan, sensed the tremendous significance of the Act and have called it "the seal of our constitutional laws",[2] "a veritable original contract between the crown and the people",[3] and that some writers have even placed it above the Bill of Rights of 1689,[4] no definitive study has been made of the subject. It is not intended by the present writer to supply such a study in this paper. He is merely interested in pointing out the potentialities.

The Restoration had indicated that the people of England did not accept the abolition of hereditary monarchy as a solution of the problem of relationship between the executive and legislative powers of the government. Moreover, the Glorious Revolution and its hastily drawn Bill of Rights had not, when the opportunity presented itself, curtailed very seriously the powers of the Crown. Nor was the relationship between the

[1] G. M. Trevelyan, *England under the Stuarts* (9th ed., London, 1920), p. 461.

[2] H. Hallam, *Constitutional History of England* (from the 5th London ed., New York, n.d.), p. 599.

[3] T. P. Taswell-Langmead, *English Constitutional History* (8th ed., Boston, 1919), p. 652.

[4] D. L. Keir, *Constitutional History of Modern Britain, 1485-1937* (London, 1938), p. 268.

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Crown and Parliament made any clearer. On the contrary, as far as the latter situation was concerned, the fact that the royal title was based now on popular consent, as expressed through Parliament, and not on absolute and divine rights, seemed to have muddled the situation even more.

Certainly William III never intended to relinquish any authority he deemed was his. From the very start he made this clear both to Mary and to the Convention Parliament: "I am so made that I cannot think of holding anything by apron strings. Nor can I think it reasonable to have any share in the Government unless it be put in my own person, and that for the turn of my life." [5] Furthermore, the refusal of the Convention Parliament to declare James II deposed, its equivocal pronouncement that William and Mary were *successors* to a throne made vacant by an abdication that never took place,[6] and the fact that Mary *was the daughter* of the former king compromised to a great extent the notion of popular consent and provided some constitutional basis for William's later complaints and behavior. It was only when the Act of Settlement took effect upon the accession of the House of Hanover to the throne, that popular consent, through parliamentary recognition, was fully apparent.

Despite the diplomatic dexterity in his dealings with foreign Powers [7] and his attempts at a smooth administration of domestic affairs, William was most of the time very unpopular with his subjects. Nearly every element in the population had its grievance. The political leaders resented the King's preference for his foreign advisers. The Irish forfeiture policy of William, whereby confiscated lands after the Pacification of Limerick were lavishly parceled out among his Dutch favorites and personal friends, intensified the resentment even further; the country gentry were irritated by the failure of the land

[5] Quoted by G. J. Renier, *William of Orange* (Edinburgh, 1932), p. 126.

[6] See Grey's *Debates of the House of Commons*, January 22 to February 13, 1688-89, vol. IX, pp. 3-83.

[7] The treaty of Ryswick of 1697, which was the first significant check of Louis XIV and the turning point of his ambitious plans, obviously could not have been appreciated at the time.

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bank and by the increased prosperity and importance of the merchants; the Anglican clergy resented the King's dislike of church ceremonials; the nobles were offended by his indifference to court life; the population as a whole complained of the heavy taxation and viewed with suspicion William's frequent trips to the continent.

The death of Queen Mary in 1694 made it much easier for William's numerous opponents to attack him more freely. The Jacobites especially were now furnished with one added incentive for the removal of the Sovereign, since his death would not now leave Mary in the occupation of the throne. William also felt that with his steadily deteriorating health he would not long survive his consort. The Bill of Rights settled the succession to the Crown in the following order: William and Mary; the survivor of the two; the descendants of Mary; the descendants of Anne; the descendants of William by a wife other than Mary. It would seem at first that the Bill made ample provisions for emergencies. However, when one stops to consider that William had never had a child and that Anne, who had been prolific, had no child living, one perceives another of the many deficiencies of the Bill.

With his usual farsightedness, William realized the inadequacy of the settlement, and induced Bishop Burnet to propose in the House of Lords that, in case of William's failure to beget a child, the succession to the throne should pass to a Protestant, Sophia, Duchess of Brunswick-Lunenberg and granddaughter of James I.[8] The Upper House unanimously accepted the proposal, but the Lower House just as unanimously rejected it.[9] Macaulay says that no contemporary writer has given a satisfactory explanation of the rejection. He thinks that the probable reason for it is that the Lower House was in a vengeful mood after the gross injustice committed in the case of Titus Oates,[10] who had again appeared on the English scene.

[8] William was undoubtedly motivated in this proposal to secure the aid of George, the elector of Hanover and son of Sophia, for the Grand Alliance.

[9] *Commons Journals*, June 19, 1689, vol. X, p. 187.

[10] T. B. Macaulay, *History of England* (Firth's edition, London, 1914), vol. IV, p. 1664.

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From the tenor of the debates in the Commons, however, one may gather that the Lower House was afraid that any further provisions in the Bill of Rights might have complicated matters and might have even brought into the picture the Prince of Wales, son of James II. Thus, when Godolphin suggested a proviso, "That nothing in this Act is to prejudice the right of any Protestant Prince or Princess, in their hereditary Succession to the Imperial Crown of these realms," Hales, a Whig, expressed his fears that "it will comprehend the Prince of Wales, if he turn Protestant, and he may challenge the Crown again."[11] The proviso, then, was rejected.[12] Burnet's insinuation that the "Republicans" were responsible for the defeat of the proposal for Sophia's succession simply is not true. Attorney George Treby, one of the more eloquent opponents to any change in the provisions, exclaimed in the course of his remarks that "rather than have a hand in anything of a Republic, I would have lost my hand."[13]

The conference to break the parliamentary deadlock could not accomplish much, since neither House would give way. Meanwhile, Princess Anne gave birth to a son, diminishing for the moment the risk against which William and the Upper House sought to provide. Thus the Lords could retreat in good grace. The child was baptized at Hampton Court with great pomp. William was one of the sponsors, bestowing upon his godson his own name and the title of Duke of Gloucester, to the immense joy of the populace.[14]

But the promising youngster suddenly died at the age of eleven. The reaction to the news and to the problem it created is best expressed in the following passage from the *Lords' Debates:*

> . . . the Death of the Duke of *Gloucester* which happened July the 29th [1700], was a sudden blow, then severely felt, and

[11] Cobbett's *Parliamentary History*, May 8, 1689, vol. V, p. 249.

[12] *Ibid.*, p. 253.

[13] *Ibid.*, p. 249.

[14] Macaulay, *op. cit.*, vol. IV, p. 1664.

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> both now and ever to be lamented: Even the King is said to have been touched with the premature Loss of this young and hopeful Prince, but was nevertheless so careful of the Protestant-Interest, that in *September* following, he admitted a Visit from the Princess Sophia; at which interview no doubt the Succession was not forgot, since in his Speech to the new Parliament he recommended it very strongly to their Consideration.[15]

While William in 1689 favored Sophia for reasons of alliance with Hanover, there is no indication that he particularly cared to recognize her right in 1700. If he had had his own way, he probably would have preferred someone from his immediate relatives of the House of Brandenburg.[16] There are also indications that he even considered the claims of the descendants of Henrietta, sister of Charles II, whose daughter, Anna Maria, had married the Catholic Duke of Savoy.[17] As a matter of fact, after the succession had been settled in favor of Sophia, the Duchess of Savoy ordered her ambassador in London to make a strong protest in her name to Parliament, but no notice was taken of it.[18]

Sophia's visit to William at Loo in the Netherlands immediately after the death of young Gloucester was to strengthen her own case with the King, although she had written to Stepney, the former English envoy to the court of Brandenburg, that she was too old to entertain plans for the Crown of England, since she could hardly expect to outlive *deux personnes*—William and Anne—and as for her children, she expressed her fears that they might be treated as foreigners in a strange country. She even suggested that the Prince of Wales who, she wrote, was too young to "profit" from the example of the king of France and his own father might be considered for

[15] *Lords' Debates* (Timberland's edition), vol. II, p. 19.

[16] Bishop Burnet's *History of His Own Times* (Oxford, 1823), vol. IV, p. 485, n. f.

[17] G. B. Smith, *History of the English Parliament* (London, 1892), vol. II, pp. 74-75.

[18] Viscount Dungannon (Arthur Hill Trevor), *Life and Times of William III* (London, 1836), vol. II, p. 407.

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the succession.[19] Burnet, who had seen this letter among Lord Somers' papers, thinks that Sophia was prompted to write it by the fact that the English Crown was offered to the House of Hanover on condition that whosoever accepted it should not at the same time hold any German dominions, which, of course, was not agreeable to her or to her son, George.[20] If that is so, the matter was ironed out during Sophia's visit to William. Evidently the King sensed that even some of the Tories now favored the House of Hanover, although in settling the succession on Sophia and her descendants, some forty-odd claimants to the Crown were ignored.

In addition to William's phlegmatic attitude toward the succession question, except when it touched the matter of Protestantism, Princess Anne evidenced many signs of a troubled conscience and had even exchanged messages with her father.[21] Nor was the Church of England very enthusiastic about the Hanover succession, and, since the Presbyterians were in favor of it, the Anglicans were all the more averse to it.[22] They finally agreed, because they were opposed to France.[23]

When the new Parliament with a Tory majority met on February 6, 1700, the Lower House elected Robert Harley as its speaker. Harley, in his fortieth year, was now, despite his previous Whig affiliations, a rising Tory leader[24] and to William he seemed to be a more reasonable man than the older bickering nobles.[25] The King's speech delivered to the two

[19] *Miscellaneous State Papers, 1501-1725* (sometimes called *Hardwicke's Papers*) (London, 1778), vol. II, pp. 442-43. The letter was translated from the French original in Lord Somers' hand and has no date.

[20] Burnet, *op. cit.*, vol. IV, p. 490.

[21] G. N. Clark, *The Later Stuarts* (Oxford, 1934), p. 182.

[22] F. L. von Ranke, *History of England* (London, 1875), vol. V, p. 228.

[23] J. Macpherson, *Original Papers; Containing the Secret History of Great Britain from the Restoration to the Accession of the House of Hannover* (London, 1775), vol. I, p. 602.

[24] See the letters of such prominent Tory leaders as Godolphin, Musgrave, etc., to Harley, presented by the Historical Manuscript Commission in the *Portland Papers* (London, 1897), Part IV, pp. 11 *et seq.*

[25] W. T. Laprade, *Public Opinion and Politics in Eighteenth Century England: To the Fall of Walpole* (New York, 1936), p. 17.

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Houses on the 11th of February was of studied moderation. In it he suggested that the new Parliament make "further Provision for the Succession to the Crown in the Protestant Line" and take into consideration the question of succession to the late king of Spain which "has made so great an alteration abroad." He also referred to the necessity of making proper provisions for the current expenditures, for the reduction of the debt and for an effective fleet.[26]

The Tories, though, could not miss this splendid opportunity to embarrass the Whigs. They affirmed that the nation was in so much haste when it settled the present government that many securities were overlooked. They, therefore, urged that the conditions of the new government be settled before the successor to the throne be named.[27] A letter in the Ballard MSS at the Bodleian Library, Oxford, suggests that the Tories had been awaiting anxiously ever since the dissolution of the late Whig Parliament the hour of reckoning with their adversaries:

> This day Sir Charles Musgrave will make his Election for Westmoorland. We are now purging our house. Eight are already turned out and many more must follow. Our Resolutions will not be respected till we have gone through the whole Bill relating to the Succession . . . for it's resolv'd to amend all our Laws before we come to nominate a successor. . . .[28]

The Whigs, however, thought that the Tories were resorting to tactics to impede the passage of the measure. Thus Burnet's account of the debates in Parliament is not very candid, and it is evident that he endeavors to rob both Harley and the other Tories of their due. But as a Tory historian of the eighteenth century remarked: "When the Whig Party in England assume

[26] *Lords' Journals*, February 11, 1700, vol. XVI, p. 594.

[27] J. Macpherson, *History of Great Britain from the Restoration to the Accession of the House of Hannover* (2nd ed., London, 1776), vol. II, p. 199.

[28] Gilford Lawson to Mr. Throats, Ballard MSS, XXXIV, f. 139, Bodleian Library, Oxford Universiy. Notes on the MSS taken by Professor W. T. Morgan of Indiana University were graciously shown to the writer of this paper.

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the merit of placing the Family of Hanover on the Throne they belie all history to serve themselves: for they opposed and defeated the settlement soon after the Revolution, and gave themselves no trouble about it in the end." [29] The passing of the Act of Settlement in a Tory House of Commons, "though ungrateful, violent, and stupid" as that assembly was, showed, however, that the Tory Party "was wedded to Parliamentary life and the Revolution Settlement." [30]

It was generally expected at the time that the measure would meet with opposition in the House of Lords. It was thought that the peers would not view with equanimity the regulations which restricted so much of the royal authority. It was also anticipated that the Upper House would insist upon certain provisions concerning their privileges.[31] But obnoxious as most of the provisions were to William, he refrained from using his influence in the Upper House in order to obstruct its passage there. Evidently he did not think it was worth his while to engage in another "tussle" with Parliament, when he felt his end must be near. Thus when the Bill was sent up to the Lords it met with only feeble opposition.

Eight articles were inserted in the Act to take effect not before the accession of the House of Hanover. These provided:

> [1] That whosoever shall hereafter come into possession of this Crown shall joyn in Communion with the Church of England. . . .
>
> [2] That in case the Crown . . . of this Realme . . . come to any Person, not being a native of this Kingdom of England, this nation shall not be obliged to engage in any warre for the defence of any Dominions or Territories which do not belong to the Crown of England, without the Consent of Parliament.
>
> [3] That no person who shall . . . come to the possession of this Crown shall go out of the Dominion of England, Scotland or Ireland, without the Consent of Parliament.

[29] J. Dalrymple, *Memoirs of Great Britain and Ireland* (London, 1790), Part III, vol. III, p. 217.

[30] Trevelyan, *op. cit.*, pp. 461-62.

[31] A. S. Turberville, *The House of Lords in the Reign of William III* (Oxford, 1913), p. 168.

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[4] That . . . all Matters and Things relating to the well governing of this Kingdom which are properly cognisable in the Privy Council by the Laws and Customs of this Realme, shall be transacted there, and all Resolutions taken thereupon shall be signed by such of the Privy Council as shall advise and consent to the same.

[5] That . . . no person born out of the Kingdoms of England, Scotland or Ireland, or the Dominions thereunto belonging (although he be naturalised or made a Denizen except such as born of English parents) shall be capable to be of the Privy Council, or a Member of either House of Parliament, or to enjoy any Office or Place of Trust, either Civil or Military, or to have a Grant of Lands, Tenements, or Hereditaments from the Crown. . . .

[6] That no Person who has an Office or Place of Trust under the King or receives a Pension from the Crown, shall be capable for serving as a Member of the House of Commons.

[7] That . . . Judges Commissions be made *Quamdiu se bene gesserint*, and their Salaries ascertained and established; but upon the Address of both Houses of Parliament, it may be lawful to remove them.

[8] That no Pardon under the Great Seal of England be pleadable to an Impeachment by the Commons in Parliament.[32]

While Parliament in passing this Act gave a new dynasty the right to reign in England, it took extra precaution in restating the existence and authority of the rights and liberties of the people, lest there be some doubt about it in the future:

And whereas the Laws of England are the Birthright of the People thereof, and all the Kings and Queens who shall ascend the Throne of this Realme ought to administer the Government of the same according to the said Laws, and all their Officers and Ministers ought to serve them respectively according to the same: The said Lords Spiritual and Temporal, and Commons, do therefore further humbly pray, That all . . . Laws and Statutes of the same now in Force, may be ratified and confirmed, and the same are by His Majesty, by and with the Advice and Consent of the Lords Spiritual and Temporal, and Commons, and by Authority of the same ratified and confirmed accordingly.

[32] 12 and 13 William III, c. 2.

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It was obvious that the first provision of the statute would touch upon the subject of communion with the Church of England. After all, the immediate cause for the Revolution was James II's "popery". And James II was still alive. Furthermore, it was a gesture of appreciation to the Church which was not very enthusiastic over the future reigning house. Although the Act declared "the limitation and succession of the Crown in the Protestant line," it was desired "to obviate the jealousy which the succession of a new dynasty, bred in a Protestant Church not altogether agreeing with our own, might excite in our susceptible nation." [33] Calvinism, says Ranke, was deemed incompatible with civil government and liberty.[34] During the negotiations for the union with Scotland an additional act was passed by Parliament stipulating that Anne's successors, at their coronation, were to take an oath "to maintain and preserve inviolably the . . . Settlement of the Church of England, and the Doctrine, Worship, Discipline and Government thereof." [35]

The second and third provisions were clearly intended to cast a reflection on the past behavior and administration of William and to supply safeguards against a new dynasty. The second, moreover, gave definite expression to Tory aversion to foreign wars, already in evidence in the passage of the act reducing the standing army, which so greatly impeded English war efforts in the eighteenth century. Hallam notes that it was frequently contended in the reign of George II that subsidiary treaties for the defense of Hanover were at least contrary to the spirit of the Act of Settlement.[36] This provision, of course, lapsed upon Queen Victoria's accession to the throne of England. Hanover, because of the salic law which governed the succession, went to the Duke of Cumberland. After the Austro-Prussian War of 1866 it was annexed by Prussia.

[33] Hallam, *op. cit.*, p. 591.

[34] Ranke, *op. cit.*, p. 232.

[35] 6 Anne, c. 8.

[36] Hallam, *op. cit.*, p. 591, n.

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The third article revealed the displeasure of the general populace at William's frequent visits to Holland. It was repealed in 1716 [37] upon the request of George I, who then proceeded, like William, to incur the hostility of his adopted country by abusing his privilege.

It is with the fourth article that the more significant provisions of the Act begin. Its stipulations, that all governmental matters cognizable in the Privy Council were to be transacted there and were to be authenticated by the councillors who advised or consented to them, were never carried out. The article was repealed early in Queen Anne's reign. Had its provisions been executed, it would have meant the prevention of anything like solidarity in the administration and the absolute annihilation of the Cabinet.[38] But Parliament at that time was desirous of knowing whom it could hold responsible for particular measures. Acts and orders by the Council during that period went out signed or not signed, under one seal or the other, often even not sealed at all. Frequently they had the signatures of councillors, but at times papers were signed merely by clerks of the Council.[39] The king was given constant advice, but no one could put his finger on the adviser. Furthermore, the king no longer confided in the Privy Council. The function of that body became very uncertain. Although controlled and appointed by the king, the Council in its early stages was considered both an executive aid to, and a check on, the sovereign.

The Privy Council had developed out of the Ordinary Council which was a sort of executive committee of the Great Council of the Normans. When the latter began to assume the attributes of Parliament, the Ordinary Council tended to become a strictly official body distinct from the larger assembly. Its members were no longer appointed exclusively from the

[37] 1 George I, c. 51.

[38] M. T. Blauvelt, *The Development of Cabinet Government in England* (New York, 1902), p. 94.

[39] E. R. Turner, *The Privy Council of England in the Seventeenth and Eighteenth Centuries, 1603-1784* (Baltimore, 1928), vol. II, p. 61.

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lay or clerical baronage, as was customary previously. Thus many commoners were presently admitted to that body.[40] By the time of the reign of Richard II, it assumed a fairly permanent form. In 1301 the king's councillors were first mentioned by name and during the same period an oath of secrecy and fidelity was imposed upon all members. During the reign of Henry VI, when it practically performed the duties of a regency council, it was at the zenith of its power.[41]

Originally and primarily the Council was a *consilium* and a *curia*. Great, doubtful and difficult matters were considered by the king in his Council. It thus exercised administrative, legislative, judicial and taxing powers.[42] These it derived from the person of the king, although some members had a constitutional share in the above powers as barons and bishops.[43] Yet the king was not always free to do what he pleased in his Council. Some of the members exerted a restraining influence on the monarch by virtue of continuous tenure of office and hereditary rights. However, the strong-willed Tudors soon disregarded many of the claims of the nobility and by introducing more commoners into the Council had rendered that body submissive to the sovereign's whims. Thus Gneist asserts that one of the popular grievances during Henry VIII's reign was that the Privy Council was composed of too many persons of humble birth.[44] The early Stuarts pursued the policy of the Tudors and employed the Council to legitimize their illegal acts. The Puritan Revolution further reduced the powers of that body and even after the Restoration it failed to regain some of its former importance.

Even before the Restoration there was a Council committee on foreign affairs, so important and powerful as to attract great

40 Taswell-Langmead, *op. cit.*, pp. 657-58.

41 H. St. Clair Feilden, *A Short Constitutional History of England* (4th ed., Oxford, 1911), pp. 36-37.

42 E. R. Turner, *The Cabinet Council of England in the Seventeenth and Eighteenth Centuries, 1622-1784* (Baltimore, 1930), vol. I, p. 9.

43 W. Stubbs, *Constitutional History of England* (3rd ed., Oxford, 1883), vol. II, pp. 255-60.

44 R. Gneist, *History of the English Constitution* (New York, 1886), translated by P. A. Ashworth, vol. II, p. 178, n. (1).

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attention. It was a body that dealt not only with diplomacy, but with all other governmental matters. Limited in membership to a number of the most trusted and efficient ministers of the king, it developed as a smaller, secret, effective group which took away from its parent body many of the latter's tasks. Increasingly it was known as the Cabinet Council, a term first applied in suspicion and reproach,[45] and all check upon the king through the Privy Council became a mere sham.[46]

It was this state of affairs that brought about Sir William Temple's scheme of 1679. His plan was to organize a Council of Thirty to represent the various political ideas and interests of the realm. Membership in it was to be granted to judges, bishops and parliamentary leaders. The Privy Council was reorganized according to this scheme, but it failed. "Temple himself joined a small group for the discussion of business outside the Council, and was presently indignant because the King consulted a similar group in which he was not included." [47] This latter Cabinet Council remained distinct from the Privy Council, which continued to be the only legally recognized body.[48]

For a long time the Cabinet Council was viewed with grave concern, especially by Parliament. In 1689 unfavorable reference was made to it in Commons. Two years later it was severely criticized there by various members contending that the king should consult the Privy Council, and not a body unknown to the law. Another attack on it was made in 1692, the king being urged that all advice given him should be put in writing and signed by the giver. The matter was evidently dropped for some time to be brought up again as a result of the unseemly manner in which the Partition Treaties were be-

45 Turner, *The Cabinet Council*, vol. I, p. 19.

46 A. V. Dicey, *The Privy Council* (London, 1887), p. 138.

47 W. R. Anson, *The Law and Custom of the Constitution* (3rd ed., Oxford, 1907), Part I, vol. II, p. 83.

48 Taswell-Langmead, *op. cit.*, p. 661.

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ing negotiated.[49] Finally Parliament decided to put an end to the Cabinet "menace" and inserted the provision in the Act of Settlement to revive the old system. "That is to say, Parliament had so little conception of how best to realize its own supremacy that it deliberately tried, in the interest of an obsolete method to end the line of progress which was bringing in the most effective means ever devised, or apparently devisable, for operating a Republic under the forms of a Monarchy." [50]

Parliament, however, soon realized its folly. The restrictions on the councillors and ministers were too severe. Many would refrain from offering any advice at all to the king. Others would cease to attend meetings. Furthermore, it was perceived that under a weak monarch like Anne, Parliament could exert its influence in the appointments to both Privy Council and Cabinet Council. For the evils against which the Act sought to provide, a remedy was found "through transferring to Parliament by a very circuitous process, the nomination of Ministers. This remedy was brought about by indirect means, and through a combination of circumstances which no wisdom could have foreseen." [51]

It was, therefore, the custom and practical convenience that shifted the individual responsibility of the Privy Councillors to the group responsibility of the Cabinet.

> In truth the Cabinet is an anomaly. . . . In theory the Cabinet is nothing but a committee of the Privy Council . . . and thus the extraordinary result has taken place, that the Government of England is in the hands of men whose position is undefined: that while the Cabinet is a word of every-day use, no lawyer can say what a Cabinet is. . . .[52]

It was the attempt of the fourth article of the Act of Settle-

[49] M. A. Thomson, *A Constitutional History of England* (London, 1938), p. 216. Impeachment proceedings were instituted against Portland and Somers in 1700/1 because of alleged responsibility for negotiations of the Partition Treaties. Somers pleaded that he offered an opinion about the treaties which was not heeded by the King and that he acted only by command of William. See *Parliamentary History*, May 24, 1701, vol. V, p. 1281.

[50] G. B. Adams, *Constitutional History of England* (New York, 1921), p. 375.

[51] Dicey, *op. cit.*, p. 138.

[52] *Ibid.*, p. 143.

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ment to stop the natural development of one of the greatest political institutions of all time, and to go contrary to the spirit of English common law, that soon made the sagacious English parliamentarians aware of their grave mistake and led them to rectify it early in the reign of Queen Anne by repealing the measure.[53]

The fifth article of the Act, stipulating that no alien, even though naturalized or made a denizen, unless born of English parents, shall be capable of sitting in the Privy Council or either House of Parliament, or enjoy any office of trust, or have any grants from the Crown, was clearly a result of the jealousy with which William's foreign favorites were regarded. Among many others were William Bentinck, Joust von Keppel, Marshal de Schomberg, Constantyn Hauygen, and Marquis de Ruvigny. Each of them, although ineligible to any political office, received many rewards in the form of titles, lands, gifts and military commissions. Thus Bentinck became the Earl of Portland; Keppel, the Earl of Albemarle; Schomberg, the Duke of Schomberg; de Ruvigny, the Earl of Galway.

The ill feelings aroused by the King's grants of the Irish forfeited lands to his favorites were mentioned above. The appointment of Schomberg as Master of Ordnance infuriated many of the ablest English militarists. Marlborough made himself quite prominent by voicing the indignation of English officers who, like himself, were excluded from the highest military posts.[54] John Tutchin, the pamphleteer, published a satirical poem, *The Foreigner,* upbraiding the King. There were, however, some who did not relish these attacks on William. Among them was Daniel Defoe, himself probably of Flemish origin, who replied to Tutchin in his "rip-roaring" *True-Born Englishman:*

> 'Tis worth observing, that we ne'er complain'd
> Of foreigners, nor of the wealth we gain'd,
> Till all their services were at an end;
> Wise men affirm it is the English way,
> Never to grumble until they come to pay . . .

[53] 4 Anne, c. 8.

[54] Clark, *op. cit.*, p. 176.

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This scathing denunciation appealed greatly to the sense of humor of the English, who enjoyed the joke on themselves. The pamphlet was the best seller of the times. Many "pirated" editions were put out by unscrupulous booksellers who, according to Defoe, disposed of over 80,000 "illegal" copies. But the pamphleteers of the enemy camp responded with torrents of invectives, calling him "an ill bird that defil'd his own nest," that he was "the spawn of both nations, a loathsome thing, shap'd like a toad with spots and scabs." [55]

All through the history of the House of Commons aliens were barred from it by common law.[56] Until 1700, however, they could acquire capacity for election by becoming naturalized.[57] Although the Magna Carta had allowed certain privileges to foreign merchants, aliens remained subject to various taxes and disabilities. On many occasions they were expelled from the country; for example, in 1258, 1290, 1404, 1571 and 1575. Severe restriction was imposed upon them in 1380, 1414, 1449, 1483/4 and especially in 1540 when they were forbidden to occupy any shop or dwelling house on lease.[58] An alien could become a British subject by naturalization only through an Act of Parliament or through denization by a letter-patent issued by the king. Moreover, during the reign of James I the conditions of naturalization demanded the taking of the sacrament and oaths of allegiance and supremacy.[59]

While the restrictions on aliens in 1701 seemed to many Englishmen at that time to be unwarranted, the reign of George I justified the precautions of the parliamentary leaders. It was even necessary, because of the tendencies of the new

[55] P. Dottin, *The Life and Strange Surprising Adventures of Daniel De Foe*, translated by L. Ragan (New York, 1929), pp. 81-82. Dottin observes that two hundred years later the Hindus used the *True-Born Englishman* as a means of propaganda against their so-called oppressors.

[56] E. Porritt, *The Unreformed House of Commons* (Cambridge, 1903), vol. I, p. 235.

[57] Anson, *op. cit.*, vol. I, p. 80.

[58] 32 Henry VIII, c. 16.

[59] 7 James I, c. 2.

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king, to reinforce the measures of the Act of 1701 by a bill stipulating that no naturalization shall be effected without a clause disqualifying the person involved from sitting in the Privy Council or Parliament.[60] When the danger of usurpation of power by aliens passed, the offending clauses were all but abolished during Queen Victoria's reign.

The sixth provision of the Act of Settlement was designed to put an end to the baneful influence which the Crown was acquiring over the House of Commons by extravagant distribution of places and pensions to its members. As early as 1348 the Commons had petitioned Edward III "that no person summoned to Parliament should be either a Taxer, Collector, or Receiver of the Fifteenth then granted."[61] A similar request was sent to the same king in 1351. Between that year and the year 1675, however, the matter was probably not brought up. It was at the latter date that the subject of officeholders was considered again by the Commons. William's attempts in a later period to secure a sympathetic Parliament by "packing" it proved to be a grave mistake. An antagonized House of Commons passed a Place Bill in 1692 excluding from the Lower House the great Ministers of State as well as the minor ones. The Lords rejected it. In 1694 a somewhat modified bill passed both Houses, but William refused royal assent. Meanwhile the passage during the same year of the Triennial Act which provided for more frequent elections had apparently made Commons think that the king's influence could be at least partially curbed. Yet William's continued practices finally infuriated Parliament to a point where in the Act of Settlement it passed a most sweeping clause for total exclusion of all servants of the Crown.

That the discontent had its origin in the Lower House, and that the bills introduced related only to the Commons, would indicate that they regarded their own independence as in more danger. There were many lower offices that the Lords would

[60] 1 George I, c. 4.

[61] J. Hatsell, *Precedents of Proceedngs in the House of Commons* (2nd ed., London, 1785), vol. II, p. 33, n.

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consider beneath their dignity, or not remunerative enough to accept, but in which members of the Commons, of lower ranks and limited means, would be interested. Since the Act was not to come into effect till the accession of the House of Hanover, this rather personal question to many of the members of Parliament was still open to controversy. Thus, on the one hand, in 1703, a bill, passed by the Commons and rejected by the Lords, provided that all members of Parliament should have landed property of a certain value as a security for the independence of the Lower House,[62] while on the other hand, in 1705, the entire sixth article was drastically modified.[63] The Act of 1707 was of a more compromising nature. It stipulated that (a) every person holding any office or place of profit whatsoever under the Crown created since October 25, 1705, or anyone in receipt of a pension during the pleasure of the Crown, was denied sitting in Commons; and that (b) every member of the Commons accepting any previously existing offices under the Crown, save certain commissions in the army, was obliged to vacate his seat, though capable of seeking reëlection.[64]

The provisions of the Act of 1707, by excepting all offices existing on October 25, 1705, still left many important places which the monarch could corruptly fill. Hence numerous attempts were made after its enactment up to 1742 to revise the measure.[65] At the latter date, after a long controversy between the Commons and the Lords, a new Place Bill was passed denying seats to clerks and other classes of government officials.[66] Rockingham's Civil List Act of 1782 reduced the number of places for members still further and also greatly curbed the power of granting pensions.[67]

The passage of the sixth article of the Act of Settlement marked another critical phase in the constitutional history of

[62] Thomson, *op. cit.*, pp. 238-39.

[63] 4 Anne, c. 8.

[64] 6 Anne, c. 7.

[65] Notably in 1710, 1714, 1715, 1735, 1740.

[66] 15 George II, c. 22.

[67] 22 George III, c. 82.

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England. As in the case of the fourth article with regard to the responsibility of the Privy Councillors, had the sixth not been repealed, the present English system of Cabinet government would have been impossible. The Commons would have never attained the desired control over the ministers that they now hold. There would have resulted a practical separation of powers — separation of executive and legislative personnel.[68] The king would have chosen his ministers from the Upper House, and the power of the Lower House would have materially diminished. Its virtual repeal in 1707, however, permitted the retention of those individuals with seats in the Commons who filled ministerial offices created before 1705 and who were deemed desirable by reëlection. Furthermore, new ministerial offices have been put in the same category by the acts creating them. Moreover, in time there grew up an unwritten rule that members of the ministry not only may, but *must,* have seats in either House. A still further step was taken in 1919 by another act which relieved newly selected ministers who were members of the Lower House from the requirement of vacating their seats if they were appointed to their posts within nine months of the beginning of a new Parliament, and yet another step was taken by the act of 1926 which abolished the necessity of reëlection in such cases.[69]

Thus the originally useful curb of the tendencies of the sovereign served its purpose, since, until the establishment of a sound merit system, the king would not have been checked in his activities. But it was again due to the keen political sense of the English that they knew just when the further reduction of the king's powers meant also the limitation of their own scope of influence.

What is considered by some writers on the English constitution to be the most important article in the Act of Settlement

[68] There are divergent views on the subject of separation of powers in the English government. Some authorities maintain that there is a definite separation, while others insist that such is not the case. See E. C. S. Wade and G. G. Phillips, *Constitutional Law* (London, 1931), pp. 38-48, for a concise statement of these views.

[69] See the pertinent provisions of these acts in R. K. Gooch, *Source Book on the Government of England* (New York, 1939), pp. 154-56.

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is the seventh, which provided for the independence of judges who were to hold office *quamdiu se bene gesserint* (during good behavior) and could be removed only on the address of both Houses of Parliament.[70] As the fountain of justice, the sovereign, in early days, was supposed to be present at all judicial proceedings. By degrees, however, after the establishment of the common law courts, the practice was abandoned. In time it became established that the king could no longer interfere in the course of justice. However, the Crown on occasion influenced decisions by corrupting subservient judges. Thus Richard II secured by threats an opinion that the Commission of Regency was illegal, but on the whole the judges were not interfered with until the reign of James I who, in order to legitimize his illegal exactions, attempted to control the decisions of the courts. But in the Chief Justice, Sir Edward Coke, the King found a capable and obstinate opponent. Justice in Bates' Case was probably corrupted, and when in Commandams' Case the judges refused to bow to James's orders, they were called in by the King and made to ask pardon on their knees. Coke who attempted to justify the judges' actions was dismissed from his post. Chief Justice Crew received a similar treatment from Charles I because he refused to acknowledge the legality of a forced loan.[71] Hampden's Case is another illustration of Charles I's tampering with justice, as the writs of *quo warranto* in 1683 are illustrative of Charles II forcing his will on the judges, and as the judicial decisions upholding the dispensing power of the king during the reign of James II (Hales' Case) are examples of the despotic tendencies of that monarch.[72]

During the parliamentary debates before the drawing up of the Declaration of Rights, several speakers insisted on making the judges' commissions depend on good behavior, but a provision to this effect was omitted in the hasty and imperfect Bill

[70] See, for instance, E. S. Creasy, *The Rise and Progress of the English Constitution* (4th ed., New York, 1866), p. 299.

[71] Feilden, *op. cit.*, pp. 88-89.

[72] *Ibid.*, p. 28.

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of Rights.[73] The Parliament of 1689 investigated the administration of justice under Charles II and James II, and a number of judges in their statements during the inquiry made it clear that they were dismissed for political reasons. But there was a real danger to the administration of justice in the interest that the legislature exhibited in these proceedings in that it may interfere unwarrantably with the courts.[74] However, Parliament, despite the Lords' tendencies to increase its influence as indicated in the Oates and Knowles cases, passed in 1692 a bill in both Houses for the establishment of the independence of judges. But William, although his judges held commissions *quamdiu se bene gesserint,* refused assent because of his "very injudicious tenacity of bad prerogatives."[75] It was the Act of Settlement that finally assured nearly full independence of the judges, that independence being practically completed during the reign of George III, who by personal initiative brought about the removal of two remaining drawbacks: the lapsing of commissions on the death of the reigning sovereign, and the charging of part of the judges' salaries on the civil list.[76]

The independence of the judiciary, however, must not be taken in the sense of separation of powers, as the House of Lords is both a court of law and a part of Parliament.[77] Furthermore, the judiciary does not stand on a level with Parliament, since its functions may be modified at any time by an act of the latter.[78] One source of the independence of the bench lies in its interpreting powers. A statute of Parliament becomes immediately subject to judicial interpretation, and the English bench has always refused to interpret an act otherwise than by reference to the words of the enactment.

[73] Hallam, *op. cit.*, p. 597.

[74] Thomson, *op. cit.*, p. 283.

[75] Hallam, *op. cit.*, p. 597.

[76] D. J. Medley, *A Student's Manual of English Constitutional History* (Oxford, 1894), p. 409.

[77] W. I. Jennings, *The Law and the Constitution* (London, 1933), p. 4.

[78] A. V. Dicey, *Introduction to the Study of the Law of the Constitution* (7th ed., London, 1908), p. 152.

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English judges will pay no heed to resolutions or debates of either House, or even to changes which a bill may have undergone since its introduction and its receipt of royal assent.[79]

What the Act of Settlement did was to put the judges of the superior courts in as independent a position as the law could place them. They can be removed, but only on the address of both Houses of Parliament. Their salaries, too, are not voted annually as are those of most other government officials. Hence, their administration cannot be debated in Parliament, as can the administration of most other government officials. Furthermore, they are immune from proceedings of any sort for any action or any words which they may utter when they are in their official character. Thus the judges of the superior courts (judges of inferior courts do not enjoy the same privileges as the more important judges do) are not subject to administrative control, parliamentary discussion and legal proceedings.[80] That the Act of Settlement exhibited extreme wisdom in granting these privileges to the judiciary is evidenced in the fact that with one single exception no English judge has been open to suspicion of corruption after his appointment to the bench since the passage of the 1701 statute.[81]

The last article of the Act of Settlement stipulating that no pardon be pleadable to an impeachment by the Commons in Parliament was a further step to complete guarantee of ministerial responsibility. Impeachment rests on the doctrine that the king can do no wrong. This maxim is not, as it may seem, the foundation of absolute monarchy. Rather it is one of the cornerstones upon which constitutional monarchy is set. It does not maintain that no wrong will be done by the government, or that anything that may be done by the government is right. What it says is that when a wrong is done by the government it is not the king that did it, but his ministers.[82]

[79] Dicey, *op. cit.*, p. 403.

[80] Jennings, *op. cit.*, pp. 216-17.

[81] H. J. Laski, *Parliamentary Government in England* (New York, 1938), p. 304.

[82] Adams, *op. cit.*, p. 208.

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However, this principle did not become fully crystallized until the impeachment of Danby and the Act of Settlement.

The first instance of impeachment was that by the Good Parliament in 1376 which proceeded against the Lords Latimer and Neville and certain commoners all of whom were charged with having bought up the king's debts and of having used extortion. They were indicted, fined and sentenced to prison. This action on the part of the Commons pointed to their right of deposing the king's ministers for conduct prejudicial to the welfare of the state. The impeachment in 1386 of Chancellor Suffolk, who was charged with misappropriation of revenue to his own use and with having lost the town of Ghent by his negligence and with other acts of maladministration, indicated that the ministers were now responsible to the nation as well as to the king.[83]

From the middle of the fifteenth century, for a period of almost two hundred years, impeachment had not been employed, because Parliament was too subservient to challenge the sovereign. But during the reign of the Stuarts internal conflicts revived the study of precedents.[84] Impeachments were renewed against both monopolists and ministers of the Crown. Thus Mompesson, Michell and Bacon in 1621 were convicted, reëstablishing the right of the Commons to hold ministers responsible for their acts. This right was more firmly asserted by the subsequent proceedings against such prominent ministers as Buckingham in 1626, Strafford in 1641, Laud in 1645 and Clarendon in 1667.

The trial of the Earl of Danby, involving the matter of honesty, justice and ability in administration, brought about a new idea of political responsibility of the ministers to Parliament.[85] Danby was charged in 1678 with writing a letter under the direction of the King to the English representative at Versailles who was to suggest a plan to the French monarch whereby

[83] Feilden, *op. cit.*, p. 151.

[84] H. M. Clokie, *The Origin and Nature of Constitutional Government* (London, 1936), p. 55.

[85] Gneist, *op. cit.*, vol. II, p. 297.

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Charles II, for six million livres, was to suspend Parliament for six months, recall his troops from the continent and proclaim England's neutrality. The Lords failed to convict him on the grounds that the charge was too general. Charles, however, in trying to save him, dissolved Parliament, only to have the new Commons in 1679 resume the attack. A bill of attainder was passed against Danby and he was committed to the Tower for almost five years. When during the proceedings he was ordered to give a written answer to the accusation of the Commons, the defendant pleaded that a pardon secretly secured from the King freed him from all charges, but the Lower House replied that there was no precedent for such cases and that pardon so pleaded ought not be allowed in bar of the impeachment instituted by the Commons.[86] As the impeachment was not carried out, the legal principle that the prerogatives of pardon would in the future be no bar to impeachment was finally established by the Act of Settlement.[87]

Impeachment has been employed in the struggle between king and Parliament over the issue of the seat of sovereignty in the state. Like chapter 61 of the Magna Carta, its design was to hold the king responsible without the danger of civil war. It was the most effective of all the old expedients,[88] but, when, due to subsequent developments,[89] ministers began holding seats in Parliament and were being primarily subject to the will of that body, it fell into disuse. It was, however, this last provision of the Act of Settlement that helped make possible the supremacy of Parliament.

It may also be well worth while to note in passing the effect of the Act of 1701 on the consummation of the union of Scot-

[86] *Commons Journals*, May 5, 1679, vol. IX, p. 612.

[87] The Crown, though, could pardon offenders after the impeachment.

[88] Adams, *op. cit.*, p. 373.

[89] See W. T. Morgan's *English Political Parties and Leaders in the Reign of Queen Anne, 1702-1710* (New Haven, 1920), for the crystallization of the principle of ministerial responsibility in the period immediately following the passage of the Act of Settlement.

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land and England. The Parliament of the former failed to adopt the English act. Thus Scotland would have, with the accession of the House of Hanover to the throne of England, reverted to the Stuarts, for it would have been impossible to defeat the attempts of the Jacobites.[90] This would have given the latter an excellent political and strategic base for the recovery also of England.[91] The English leaders, in order to avoid disastrous consequences of a constitutional deadlock with Scotland, decided to hasten and bring about the long despised parliamentary union.[92]

In summing up the contributions of the Act of Settlement to the constitutional evolution of the English government, one may point out first that, while the Bill of Rights of 1689 broke the line of direct royal succession, the statute of 1701 fully established the entire dependence of the right to the throne on parliamentary sanction. Secondly, the Act, either by *challenge* or *assertion,* crystallized most of the cardinal tenets of future English political democracy: the Cabinet system, ministerial responsibility, parliamentary supremacy, and the independence of judges. If one is given to making sweeping statements, one may say that, save the Magna Carta (more truly, its implications), the Act of Settlement is probably the most significant statute in English history.

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90 *The Lockhart Papers* (London, 1817), vol. I, p. 17.

91 D. O. Dykes, *Source Book of Constitutional History* (London, 1930), p. 10.

92 D. G. E. Hall, *A Brief Survey of English Constitutional History* (London, 1925), p. 189.

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ITALIAN COLONIAL PROBLEMS IN 1919

MR. CHURCHILL recently announced in the Commons, to the accompaniment of much applause, that the Italian Empire was "lost, irretrievably lost". The rise and fall of that empire can best be understood against the background of Italy's efforts to secure colonial compensations in the settlement that followed the first World War. Those efforts in 1919, as is well known, were surprisingly barren. Three reasons account for this: a lack of vision on Italy's part which manifested itself in remarkably poor diplomacy; a similar lack of vision on the part of her associates; a set of circumstances, for which no one in particular was responsible, but which made her position at the peace table a peculiarly difficult one.

Italy entered the war in 1915 as the result of a definite bargain, the famous Treaty or Pact of London, concluded in April of that year. That agreement promised her colonial compensations, both in Africa and in Asia Minor, in the event that her allies should increase their own holdings at the expense of the enemy in those regions. In both cases, however, the terminology used in the treaty was extremely unprecise. One must see in this fact, which may seem surprising at first, an expression of the power relationship between Italy and her newly found associates, which led to a postponement of the colonial question. Later on, after Great Britain, France and Russia had made various agreements with a view to a partition of the Near East among themselves, Italy in turn secured a definition of her share in this region, amounting roughly to the southern half of Anatolia with Smyrna. This was the St. Jean de Maurienne agreement of April 1917. African questions were not discussed again during the war. The Treaty of London and the St. Jean de Maurienne agreement, then, constituted the bases of Italy's colonial claims in 1919.

Even before the Peace Conference formally assembled, it was clear that the realization of Italian aspirations would encounter

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difficulties, in Europe as well as outside. As early as October 1918, both Britain and France had taken the position that, owing to the lack of Russian ratification, the St. Jean de Maurienne agreement would not be considered binding by them.[1] Technically, this position was justified, but the most that can be said of it is that it was highly legalistic. It was a blow at the very cornerstone of Sonnino's colonial policy, since all his efforts had been directed at obtaining definite commitments in Asia Minor, while leaving open the issue of African compensations. From his point of view, the Anglo-French declaration of November 8, 1918, stating it to be the aim of these Powers to achieve "the complete and definitive emancipation of the peoples so long oppressed by the Turks, and the establishment of governments and national administrations deriving their authority from the initiative and free choice of the indigenous populations,"[2] did not augur too well, especially when considered in conjunction with the American program expressed in the Fourteen Points.[3] But far more serious and important than the Anatolian situation were the issues of the Adriatic, and of the land frontier of Italy proper, namely, the fate of the Brenner line and of the Istrian peninsula. The terms of the Treaty of London, quite precise on these points, seemed to be placed in jeopardy by the accident of American intervention, resulting as it did in the dominant position of the United States in the peace councils.

The two developments just mentioned, arising in the end from the same source of American participation, compelled Italy to make a major decision in the matter of foreign policy. Should she stake her all on adherence to the letter of written obligations, or should she adopt a more pliant attitude, ame-

[1] *Cf.* M. Toscano, *Gli accordi di San Giovanni di Moriana* (Milan, 1936), p. 357.

[2] For a discussion of the French attitude toward Italian claims in this connection, as it appears in the French proposals of November 1918 for the organization of the work of the Conference, see R. Albrecht-Carrié, *Italy at the Paris Peace Conference* (New York, 1938), pp. 73-78.

[3] Point XII of the Fourteen Points spoke of "secure sovereignty" for "the Turkish portions of the Ottoman Empire."

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nable to concessions that might win her the good will of Wilson, and then take her chances on the likelihood that he would support in turn a case resting on the general plea of equity and justice? Sonnino was always in favor of the first course, but Orlando, less resolute, preferred to put things off. He was assisted in so doing by the fact that, with the exception of Italy, all the major Powers were far more interested in the German problem and had no desire to tackle immediately the Austro-Hungarian, hence Italian, questions. The result was that these questions did not begin to be seriously discussed until the following April.[4]

As time passed, it became increasingly clear that Italy would find difficulty in realizing her aspirations along her eastern frontier and in Dalmatia.[5] The injection of a demand for Fiume, a city specifically excluded from the Italian claims in the Treaty of London, served to focus the dispute on this relatively unimportant item; unwisely the Italians allowed it to absorb the bulk of their energies which might have been better directed into more profitable channels. This particular controversy has been traced in detail elsewhere[6] and need not concern us here; what is important for this discussion is that the dispute assumed such proportions that colonies seemed to be quite forgotten for a time. No better illustration of this exclusive preoccupation with the problem of Italy's immediate frontier can be cited than the fact that the Italian memorandum of claims, drawn up by Barzilai in February, but not submitted to the Council until a month later, on March 11, deals solely with "Italy's claims on the territories of the former Austro-Hungarian Monarchy."[7] This is a measure of the importance

[4] Much preliminary work had naturally been done before this time which had a bearing on Italian claims in Europe, but it was not until the latter part of April that these claims became the main business of the Council.

[5] There was no dispute over the Brenner frontier to which Wilson seems to have acquiesced without question, probably as early as December 1918.

[6] Albrecht-Carrié, *op. cit.* For a brief summary of the Fiume episode, see *idem*, "Fiume: Nationalism versus Economics", *Journal of Central European Affairs*, April 1942.

[7] A. Giannini, *Documenti per la storia dei rapporti fra l'Italia e la Jugo Slavia* (Rome, 1934), pp. 13-35.

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of these territories in Italian eyes. Sonnino's tenacity became narrowness in this instance.

This is not to say that the problem of colonies was wholly forgotten in Italy. In the middle of January 1919, a colonial congress met in Rome which formulated a program along the lines of Colosimo's maximum program of 1916[8] and served for a while to revive interest in the issue in the press. Colosimo, the colonial minister, kept prodding with persistent communications Orlando, Sonnino, and Salvago Raggi, the member of the Italian Delegation whose special task it was to look after Italy's colonial interests.[9] The disposition of the German colonies was one of the first questions considered by the Peace Conference. No extended debate developed over their fate, because the notion of mandates was accepted without much difficulty and because there was no attempt at first (in January) to make specific allocation of mandates to the various claimants. In such discussion as occurred, the Italians took practically no share; they acquiesced in the decision not to restore the German colonies to their former ownership and in the corollary of that decision, the mandate principle. It is also clear from the nature of the discussions that there was no favorable opportunity for them to enter a claim for a specific mandate. Orlando insisted that "we are not giving up our position [right to compensations] and we are ready to defend it to the last," but he appraised the situation correctly at this early stage, when he added, "I cannot conceal from you that the situation is extremely grave, in fact almost desperate, while the difficulties which accumulate over our claims in general interfere even more with our activity."[10] Neither he nor Sonnino, di-

[8] *Cf. Atti del convegno nazionale coloniale per il dopo guerra delle colonie, Roma 15-21 gennaio 1919* (Rome, 1920). The main features of Colosimo's maximum program were two: (1) the creation of a large colonial empire in East Africa, beginning with the absorption of British and French Somaliland and the establishment of exclusively Italian influence in Abyssinia; (2) a greatly enlarged Libya to cover roughly the middle third of the African continent above Lake Chad.

[9] F. Salata, *Il nodo di Gibuti* (Milan, 1939), pp. 198-209.

[10] Orlando to Colosimo, Feb. 2, 1919. Salata, *op. cit.*, p. 207. Subsequent references to exchanges among the Italians, unless otherwise indicated, will be drawn from the same source.

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vergent as their tactics were, showed any signs of pursuing an active colonial policy at this time.[11] Had they succeeded from the start in securing the solid friendship of Wilson, it is conceivable that he in turn might have supported an Italian claim for a particular mandate when the time came for specific assignments to be made. But the ever-growing difficulties that the Italians met in connection with their European claims precluded such a possibility. Orlando was indeed aware of the value of Wilson's good will; that is one of the reasons why he fell in so readily with the idea of the League; but even then he was thinking primarily of Italian interests in Europe, and, as it turned out, it is precisely on this score that the most spectacular clash of the Conference was to take place.

Catastini's Memorandum of Colonial Claims

In order to supply the deficiency of the first Italian memorandum of claims, which dealt exclusively with European questions, a separate memorandum of colonial claims was drawn up in March by Catastini, of the colonial ministry, who was attached to the Delegation in Paris. But, most significant, and further confirmation of the narrow range of Italian interests, is this statement: "The memorandum itself has not been circulated among the official circles of the Conference; only H. E. Sonnino and the military (General Cavallero) and naval (Commandant Conz) sections of this [Italian] Delegation have seen it." [12]

Catastini's memorandum follows familiar lines. Italian claims rested on three bases: the *de facto* and *de jure* situation

[11] Not much weight can be given to the interpretation hinted at by Salata (*op. cit.*, p. 203) that Italy was quite content to have her allies divide the German colonies among themselves on the theory that this would make her case for compensation all the clearer, without involving her in the disadvantages of a mandate and creating a direct issue between herself and Germany. This interpretation is, in fact, confuted by the position taken by Orlando, as early as January, that Italy had an equal right with her allies to participate in mandates. Salata, it should be borne in mind, was writing in 1939, and it may further be pointed out that not even an issue like that of the Southern Tyrol has prevented the formation of the Axis.

[12] Catastini to Colosimo, March 1919.

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in existence before the war; rights deriving from participation in the war; the needs of Italy in view of the changed political and economic situation in which she found herself after the war. The Allies had promised Italy "equitable compensations" in the event that they should increase their African domains at the expense of the German possessions. Catastini enlarged upon the value of the presence of the Italians in Libya and in East Africa for the prosecution of the war.

It may be pointed out that this service, though real, was the essentially negative one of protecting the flanks of the colonies of these allies (e. g., Tunisia) and of preventing the use of Libya and Abyssinia as foci of German and Turkish intrigue. The importance of this service was further qualified by the extent of the Italian occupation of the North African coast, still incompletely held at the end of the war, and by the inability to contain the Senussi in the interior, facts unmentioned by Catastini, who put forward the usual Italian claims. These amounted to the acquisition of British and French Somaliland, the French railway to Addis Abeba, and Jubaland with Kismayu. The political independence of Abyssinia would be respected, and France should acquire (whether at Jibuti or elsewhere was not specified) a station on the way to Madagascar and the East, and Britain should receive guarantees for the water supply of the Nile. For Libya, presumably, there would be certain frontier rectifications.[13]

The failure to make use of Catastini's memorandum may be attributed to the difficulties which Italy was already meeting in connection with her claims in Europe. The skilful tactics of the Yugoslavs in handing over to Wilson as early as February the problem of their frontier with Italy made clear the nature of the opposition that the Italians would have to face. The spectacular clash with Wilson in April, when he issued a public appeal to world opinion in general and to Italian opinion in particular, a move countered by the temporary withdrawal of the Italians from the Conference, was merely the culmination of a dispute long in the making.

[13] Catastini to Colosimo, March 1919. The text, reproduced by Salata (*op. cit.*, pp. 286-91), omits the section dealing with Libya.

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As the result of this situation and of the other Powers' predominant concern with the problem of Germany in Europe, the issue of Italian colonial claims was to remain essentially one between Italy and her allies, Britain and France. It could hardly have been otherwise, once matters had begun to take the turn that they had, for the Italian exchanges between Paris and Rome, as well as Catastini's memorandum, are all geared to the idea of compensations on the basis of the promises made to Italy in 1915, of Italy's contribution to the war, and of her economic needs.

The Committee on Article 13

The general principle of mandates for the German colonies and for the non-Turkish portions of the Ottoman Empire had been adopted by the Conference at its very beginning; but the distribution of mandates for the German possessions was arranged on May 6, the day before the return of the Italians,[14] who were excluded from any share in them. The fate of Asia Minor was still undecided, and the position of the British and the French with respect to the St. Jean de Maurienne agreement has already been mentioned. What is more, in connivance with Wilson, they urged Venizelos to send an expeditionary force to Smyrna. This was done partly at least in retaliation for the landing of Italian troops at various points in Asia Minor without previous consultation with the other Allies. In the already tense state of their relations with their allies, this was a false move on the part of the Italians; it merely served to antagonize the other Powers and furnished them with a pretext for further opposition. As Salata says, "the Italian colonial question could not be brought officially before the interallied Supreme Council at a time or in circumstances less favorable to Italy."[15]

[14] For details of this episode, see R. Albrecht-Carrié, "New Light on Italian Problems in 1919", *The Journal of Modern History*, December 1941. It is of interest that colonial questions were entirely out of the picture during the period of the absence of the Italians from the Conference.

[15] Salata, *op. cit.*, p. 214.

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Resuming attendance at Council meetings on May 7, Orlando acquiesced in the decisions taken in regard to the distribution of mandates.[16] It was not until five days later, on May 12, that he was informed of the Council's decision with respect to Smyrna.[17] Whatever might be said of the validity of the St. Jean de Maurienne agreement, the Treaty of London still remained, as Sonnino pointed out. Mandates having been distributed, the matter of colonial adjustments with Italy was solely one between her and her two allies, Britain and France, and it was decided to set up a committee of these three Powers to examine the application of article 13 of the Treaty of London.[18]

It is now possible, owing to the recent publications of Lloyd George, Crespi, Aldrovandi Marescotti and Salata, to obtain a fairly complete and documented picture of the discussions surrounding the issue of Italian colonial policy and claims.[19]

Owing to the absence from Paris of Lord Milner, leading British representative on the committee, the first meeting could not be held until May 15. Among the Italians, Salvago Raggi, who had been in charge of colonial questions, had resigned from the Delegation after the events of April, and it fell to De Martino to draw up a plan of action.[20] In addition, Sonnino preferred not to take part in the discussions himself and suggested the appointment of Crespi, who thus became the lead-

[16] He did this on Sonnino's advice, according to Crespi, *Alla difesa d'Italia in guerra e a Versailles* (Milan, 1938), May 7, p. 539.

[17] For a full account of the discussions in the two Council meetings that day, *cf.* Aldrovandi Marescotti, *Guerra diplomatica* (Milan, 2d ed., 1937), pp. 328-33.

[18] Minutes of the Council, May 7, reported by Aldrovandi Marescotti, *op. cit.*, pp. 302-6.

[19] Italian claims were known in a general way, but hitherto very little has been known authoritatively, either of their precise extent or of the discussions to which they gave rise in the inner circle of the Peace Conference. The summary of the discussions affecting Italian interests, drawn from the Minutes of the Council, which is given in vol. XIX of D. Hunter Miller's monumental record, *My Diary at the Conference of Paris* (privately printed, 1928), devotes one page only (p. 572) to the question of Italy's African claims. The real discussions, now available in full, took place, not in the Council, but in the committee on article 13.

[20] Salata, *op. cit.*, p. 215. De Martino's scheme was forwarded to Colosimo.

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ing Italian on the committee.[21] The Italians had some preliminary discussions with Milner, which, acording to Orlando, do not seem to have been very promising.[22]

When the colonial committee held its first meeting on May 15, Crespi was accompanied by Piacentini and De Martino; Simon, the French colonial minister, by Duchêne; and Lord Milner, who was elected president, by Vansittart and Sir Herbert Read. Crespi's first move was to explain that Italy would waive the demand for application of article 13 of the Treaty of London if she were given a mandate, but, as Simon insisted that the issue was closed,[23] he went on to present the Italian claims in Africa which were also outlined on a map. These were as follows:

1. For Libya, a change in the western frontier such as to place within Italian territory the caravan road joining Gat to Gadames (the present frontier, in other words); in the east, the frontier starting at the Bay of Solum, to run southwards, passing east of Jarabub, then along the meridian of longitude 25 as far as latitude 16.[24]

2. In East Africa, annexation of British and French Somaliland, acquisition of the Jibuti-Addis Abeba railway, and cession of the port of Kismayu and of the Jubaland territory, amounting to some 65,000 square miles.

In support of these claims, Crespi advanced three arguments: Italy's sacrifices in the war, the need of outlets for her growing population, and her economic necessities. Lord Milner replied that the extension of Libya to the east concerned Egypt and

[21] *Ibid.* *Cf.* Crespi, *op. cit.*, May 12, p. 552. Agnesa, leading spirit of the colonial ministry under successive occupants, had recently died, just as he was about to go to Paris.

[22] Orlando to Colosimo, May 15 and 16, 1919.

[23] At the Council meeting of May 7, Balfour had made the point that mandates did not represent a real acquisition of colonial territory. *Cf.* Aldrovandi Marescotti, *op. cit.*, p. 303.

[24] The southern frontier is not specified. Presumably, it was to run from the last named point to Gat along a line approximating the frontier at present in existence. No mention is made of a claim reaching to Lake Chad as advocated by the more sanguine colonists in Italy. See, for instance, G. Piazza, *La nostra pace coloniale* (Rome, 1917).

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would have to be studied, as well as the Jubaland cession. As to British Somaliland, its cession would be going far beyond the frontier rectifications mentioned in the Treaty of London and would practically encircle Abyssinia; he thought the matter outside the competence of the committee, as well as the question of the Farsan islands in the Red Sea, brought up by De Martino. Simon was willing to discuss the Libyan claim but he gave a flat refusal on Jibuti,[25] adding to Milner's objections the consideration that the encirclement of Abyssinia would run counter to the purpose of the Anglo-Franco-Italian agreement of 1906.[26] Crespi's insistence that the Italian program was essentially economic and not political was somewhat at variance with De Martino's truer assertion that it was inspired by "the thought that in Africa it is desirable to see open, for each of the three great Entente countries, large zones where their action would be free." The meeting closed after this exchange of views.[27]

Milner discussed the question with Lloyd George, who claims to have been in favor of ceding British Somaliland, as well as Jubaland, provided the French were willing to make similar concessions.[28] But, according to Lloyd George, Milner, while reluctantly willing to yield Jubaland, was opposed in any event

[25] The French were aware of designs on Jibuti in certain sections of Italian opinion, and, as early as 1915, during the negotiation of the Treaty of London, they had sought to introduce a reservation in that treaty to cover the possibility of just such a demand as the Italians were now making.

On May 13, 1919, Wilson suggested to Clemenceau the possibility of concessions, and the next day Clemenceau reported "that the French experts would not hear of any arrangement with the Italians about Jibuti." Minutes of the Council, May 13 and 14, Miller, *op. cit.*, p. 572.

[26] Toscano in a recent article, "Frankreich-Italien und die Djibuti-Frage", *Berliner Monatshefte*, May 1939, gives a sketchy account of these discussions in the committee on article 13 (pp. 437-39); no mention is made either of the British position in regard to the requested cession of British Somaliland or of Simon's reference to the tripartite agreement of 1906 in this connection.

[27] Minutes of the Committee on [Italian] Colonial Questions (the committee on article 13), May 15, 1919. Salata, *op. cit.*, pp. 291-96. *Cf.* Crespi, *op. cit.*, May 15, pp. 562-66; Aldrovandi Marescotti, *op. cit.*, p. 354.

[28] Lloyd George, *The Truth about the Peace Treaties* (London, 1938), II, 897-98.

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to handing over the whole of British Somaliland to the Italians. His reasons for this, which he explained in a letter to Lloyd George, were two: his unwillingness to have Italy in a position to control Abyssinia, and the necessity of retaining a foothold on the African coast at the southern exit of the Red Sea. This, he claimed, was a "nodal point" of the Empire; and he was also concerned over Italian ambitions in Arabia, for, as he wrote rather revealingly: "The independence of Arabia has always been a fundamental of our eastern policy, but what we mean by it is that Arabia while being independent herself should be kept out of the sphere of European political intrigue and within the British sphere of influence: in other words, that her independent native rulers should have no foreign treaties except with us." [29]

Asia Minor was under discussion in the Council throughout this period, and Italy's allies made the most of the landings which, according to Crespi, had been decided upon by Sonnino who had not even informed Orlando, with the result of putting the latter in a most embarrassing position before his colleagues in the Council.[30]

The committee on article 13 held a second meeting on May 19. The result was a stalemate. The French stood on their original position, rectification of the western frontier of Libya and nothing else. The British were more generous. Milner agreed to the Italian request for the frontier with Egypt, and he would also cede Kismayu and some 30,000 square miles of Jubaland. As to British Somaliland, in view of the French attitude in Jibuti, he must exclude that colony.[31] The French offer was undeniably of little importance. It is surprising that, if there had been a real wish for a meeting of minds, some

[29] Milner to Lloyd George, May 16, 1919. Lloyd George, *op. cit.*, II, 896-901. It should be said that Lloyd George's book, while valuable, can be used only with considerable caution. No mention is made, for instance, of the Greek expedition to Smyrna in connection with the discussion of Asia Minor at the beginning of May (see pp. 871 *et seq.*).

[30] Crespi, *op. cit.*, May 18, pp. 574-75.

[31] Minutes of the Committee of Colonial Questions, May 19, 1919. Salata, *op. cit.*, pp. 296-99. *Cf.* Crespi, *op. cit.*, May 19, pp. 576-79.

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other offer should not have been made. As to Jibuti, it was not the intrinsic value of the tiny possession that counted; what lay behind it, despite Italian denials, was the far greater issue of penetration into and ultimate control of Abyssinia.

The next meeting, set for the 22nd, did not take place until the 28th, Crespi being otherwise engaged on the former date. It was a brief meeting, the only point of interest being Simon's offer of additional French concessions in the Tibesti region. In the absence of his Italian colleagues on the committee, Crespi thought the suggestion warranted further consideration, and it was decided that the committee should meet once more in order to draw up a final report.[32] It is significant that Crespi confines his account of this meeting to the bare statement that he had nothing new to suggest and that Simon and Milner likewise stood on their former positions. His statement that "the Adriatic and other more urgent questions have kept Orlando and Sonnino so busy these days that we have not been able to find time to settle the Italian position with regard to the French refusal to grant us any colonial concessions" gives a true picture of the relative importance of the colonial issue in the general scheme of Italian policy at this time.[33]

The committee held its last meeting on May 30. After some discussion, Crespi declared that Italy would accept the British cession of Jubaland, which amounted to about half of the original Italian claim. He did not insist on the claim to British and French Somaliland, in view of the French refusal, but threw out the suggestion that Italy might be given Togoland in their place. Milner and Simon both took the position that such a claim placed Italy on a different ground, and that she could not appeal to article 13 to justify a claim for compensations and for a mandate at the same time. This is very reminiscent of the British and French position on the Fiume controversy: Italy must choose between the letter of the Treaty of

[32] Minutes of the Committee on Colonial Questions, May 28, 1919. Salata, *op. cit.*, pp. 299-301.

[33] Crespi, *op. cit.*, May 28, p. 612. Crespi was engaged at this time in negotiations with Tardieu over the Fiume controversy, a fact which brought about a clash between himself and Sonnino. *Ibid.*, May 30, p. 614.

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London, and Fiume; she could not have both. The argument was not pursued, and Crespi chose to leave open the issue of compensations from France. A subcommittee, consisting of Vansittart, Duchêne and Piacentini, was designated to draw up a final report.[34]

The report, dated June 6, after reviewing the arguments presented by the various participants during the course of the four meetings, concludes with a statement of the results achieved and of the points remaining at issue. Salata and Crespi give for the first time what may be called an official statement of the source of so much subsequent controversy. This summary is here reproduced in full.

> 1. Italy accepts—under certain reservations to be subsequently defined between the two governments—the British proposal in regard to Jubaland.
>
> 2. Italy accepts from Great Britain the rectification of the frontier between Cirenaica [Libya] and Egypt.
>
> 3. France and Great Britain do not feel that they can give their consent to the incorporation of French Somaliland and British Somaliland into the Italian possessions.
>
> 4. Italy does not accept the portion of Tibesti offered by France, and withdraws the request presented to France for a rectification of the western and southern frontiers of Libya. She thereby wishes to leave open the African colonial question between herself and France.
>
> 5. Italy would be ready to renounce her claim to French Somaliland and British Somaliland if the administration of the former German colony of Togoland were given to her.
>
> 6. The representatives of France and Great Britain consider such a request incompatible with the mandate received from the Supreme Council on May 7, 1919.
>
> 7. France accepts the rectification of the western frontier of Libya as originally requested; she maintains the offer presented to Italy of seeking the basis of a new delimitation in the Tibesti region.[35]

[34] Minutes of the Committee on Colonial Questions, May 30, 1919. Salata, *op. cit.*, pp. 301-5. *Cf.* Crespi, *op. cit.*, May 30, pp. 615-16.

[35] Report of the Committee on Colonial Questions, June 6, 1919. Salata, *op. cit.*, pp. 306-12. *Cf.* Crespi, *op. cit.*, June 3 (misdated June 5), pp. 625-26.

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This report formed the basis of subsequent developments, although no action was taken on it by the Supreme Council. Treaties were made with Britain in 1924 and 1925 putting into effect the above-mentioned cessions. With France, an agreement in September 1919 made effective the new western frontier of Libya, but the issue of the fulfillment of article 13 of the Treaty of London remained open until 1935, when the southern frontier in the Tibesti region was changed to the present line. The events after 1935 belong to the realm of current events.[36]

The brief life of the Committee on Colonial Questions is a measure of the importance which the Italians attached to these questions in 1919.[37] The suggestion of a mandate for Togoland seems to have come from Crespi himself, who may be called an imperialist. It would seem to have been a good suggestion—even if not covered by the terms of reference of the committee—for it would have had the advantage of giving Italy a certain amount of prestige, a point of the greatest importance in view of Italian sensitiveness on the subject then and since; and, from the point of view of Great Britain and France, it would have given Italy a stronger stake in the maintenance of the status quo.

This scattering of Italian energies over a succession of aims, none of them pursued for very long or with great persistence, in marked contrast with the tireless search after compromises for Fiume, is undoubtedly one of the main reasons for their poor success. There were some merits in the line of conduct advocated by Sonnino, who was in favor of taking a position and then adhering to it, even though the particular line on which he would have made a stand—strict enforcement of the letter of the Treaty of London—would have been unfortunate. But, in the last analysis, this inconsistency displayed by the Italians was merely a reflection of their divergent characters

[36] In 1938, after the Munich crisis, Italy denounced the Laval-Mussolini agreement of 1935. See R. Albrecht-Carrié, "The Present Significance of the Treaty of London of 1915", POLITICAL SCIENCE QUARTERLY, September 1939.

[37] Aldrovandi reports that, on Orlando's instructions, he sounded Hankey on the possibility of Italy obtaining German East Africa. Hankey's response was wholly negative and the matter was dropped. Aldrovandi Marescotti, *op. cit.*, p. 304, note.

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and points of view. Recent publications serve to confirm this interpretation and supply new evidence in support of it.

The Caucasus

In order to round out the picture of Italian colonial policy and interests in 1919 mention should also be made of the Caucasus. The general policy of the Allies toward Russia in 1919 was that of the *cordon sanitaire* combined with assistance to the White forces. The burden of this policy was assumed by the British and the French to whom it soon began to prove onerous.

As early as January 1919, the idea had occurred to Sir Henry Wilson, Chief of the Imperial General Staff, that some other ally might substitute the British in the Caucasus, and that the Italians would do well for the purpose, in the event that the Americans declined to go there.[38] He had mentioned the idea in a memorandum to the War Office the following month.[39] In late March he had explained the proposal to Lloyd George at Fontainebleau and had begun to discuss military arrangements with Diaz.[40] According to Aldrovandi, Orlando himself had suggested the idea in March; Lloyd George agreed, somewhat reluctantly, and on April 2 informed Wilson and Clemenceau of the Anglo-Italian arrangements.[41] This did not happen until May 5, if we follow Sir Henry Wilson's account,[42] but Lloyd George claims to have mentioned the possibility to Clemenceau as early as March 7.[43] Sir Henry Wilson discussed the subject with Sonnino and with Diaz in May; he thought the Italians reluctant.[44] It would seem at any rate that here was another of the many possibilities which

[38] C. E. Callwell, *Field Marshal Sir Henry Wilson* (London, 1927), II, 163-64.

[39] *Ibid.*, p. 171.

[40] *Ibid.*, p. 176.

[41] Aldrovandi Marescotti, *op. cit.*, p. 304, note.

[42] Callwell, *op. cit.*, p. 188.

[43] Lloyd George, *op. cit.*, I, 290.

[44] Callwell, *op. cit.*, pp. 191, 193.

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appealed to Orlando for a time, but that it was not seriously entertained for long.

However, the idea was taken up again with enthusiasm at the beginning of June as the result of a British proposal.[45] Orlando sent for his war minister from Rome and the matter was discussed among the Italians on June 4 and June 6. The plan was to organize in great secrecy an expeditionary force of 40,000 men, which might be raised to 100,000, and not to break the news until the troops had landed. Orlando seems to have thought of this device as a means of retrieving the fortunes of his administration at home, but there was far from unanimity among his colleagues: Crespi was very enthusiastic, Aldrovandi sceptical, and Sonnino, fearing complications, strongly opposed.[46] Despite opposition, even from the King,[47] preparations were made for the expedition, but Orlando was ousted from office on June 19. Nitti who succeeded him was definitely opposed to the adventure; Crespi who continued in favor of it was unable to convince Tittoni, Sonnino's successor at the Foreign Office, and the matter was dropped.[48] The Italians may be thankful that they kept clear of such a potential hornets' nest.

We are now in a position to appraise the causes of the failure of Italian colonial policy during the war and particularly at the peace settlement. These causes may be divided into ex-

[45] Crespi, *op. cit.*, June 3, p. 627.

[46] *Ibid.*, June 4, pp. 629-30, and June 6, p. 632. *Cf.* Aldrovandi Marescotti, *Nuovi ricordi* (Milan, 1938), pp. 38-39.

[47] Aldrovandi Marescotti, *Nuovi ricordi*, p. 52.

[48] Crespi, *op. cit.*, June 30, p. 682. Crespi was the only member of the first Italian Delegation who continued on the second. See also Callwell, *op. cit.*, p. 208. The incident of the British proposal to Italy in regard to the Caucasus first became public knowledge as the result of Nitti's disclosure, which in turn was the cause of questions raised in the British Parliament, questions which the government of the day refused to answer. For this information the writer is indebted to Dr. Fritz T. Epstein, who gives the following references: 207 H. C. Debates, 5 s. cols. 1481-82 (June 20) and 208 H. C. Debates, 5 s. col. 382 (June 29, 1927).

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ternal and internal ones, between which there was naturally constant interaction.

There was a line of policy in Italy, strongly represented in the colonial ministry, whose ultimate aim it was to create an empire in East Africa. The advocates of this policy differed as to just how much might be accomplished at a particular moment, but they agreed that the first requirement to be achieved was the elimination of French and British influence from Abyssinia and of the surrounding possessions of Britain and France on the Gulf of Aden. Hence the concentration on the acquisition of Jibuti from France. Jibuti as such was a small enough matter, but the same cannot be said of giving Italy a free hand in Abyssinia. Whether it would have been wise in the long run to have granted this Italian desideratum may be debated; certainly it would have been a very liberal interpretation of the "frontier rectifications" and "equitable compensations" of the Treaty of London, and the French and the British were undoubtedly right in pointing out that the situation which the satisfaction of the Italian demands in that quarter would have created would have been tantamount to the abrogation of the tripartite agreement of 1906. This is in fact just what Italian policy was aiming at, as is clearly brought out by Agnesa's wartime memoranda and by Colosimo's repeated urgings, first to Sonnino, and then to Orlando, when Sonnino failed to respond. Nor could the Italians successfully manage to restrict the discussion to Jibuti alone. Its acquisition, whatever might have been said about the integrity of Abyssinia, would have been the first step toward a more or less remote but eventually complete dominance of that country. Colosimo's alarm at the prospect that France might yield the possession while retaining an interest in the port is significant in this respect: Italy must have untrammeled control. The French and the British were well aware of the situation, and if there was no previous formal agreement between them, as Salata seems to suggest was the case, there was agreement of purpose in looking with disfavor upon such an extension of Italian influence. For that reason, to attack Jibuti was in a

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sense to attack the strongest point of resistance, and there could be little hope of driving a wedge beween the French and the British, even though the latter found it convenient to take shelter to a certain extent behind the French refusal.

However, despite the existence of this well-planned East African policy, too much importance should not be attached to the influence of the party that advocated it, what might be called the extreme colonial party. There was not complete agreement even among Italian imperialists. Crespi would have been content with the Togo mandate in place of British and French Somaliland, but Colosimo wanted a mandate *in addition* to outright possession of these East African colonies. Not only that, he considered Togoland not an appetizing enough morsel and would have put in a bid for Cameroon instead.

Sonnino can certainly not be accused of laxity in the defense of Italian interests, whatever one may think of his judgment and his methods. Yet these ambitious African schemes do not seem to have held a great appeal for him, perhaps because of a sounder estimate on his part of the relation of Italian power to the power of Italy's associates. Besides what may be properly described as "frontier rectifications" in Africa, his whole colonial policy seems to have centered on Asia Minor. In this quarter, the St. Jean de Maurienne agreement of 1917 represented a painstakingly achieved but important success. Perhaps he lacked flexibility in failing to prepare an adequate second line of defense as soon as he perceived the drift of British and French policy in that region at the end of 1918. America's position he failed altogether to take into account. But in any case he was certainly powerless before a combination of the United States, Great Britain and France. Despite the futile irritant of Italy's independent action in Asia Minor in the spring of 1919, and regardless of whether or not it would have been desirable for the Italians to establish themselves in Anatolia, the handling of the issue on the part of Italy's associates goes a long way toward explaining Sonnino's and, more widely, Italy's resentment at the peace settlement.

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The Italians in 1919 lacked personalities of the first rank among their leaders, who committed the further error of not being wholly in agreement among themselves, either on aims or methods. In the last analysis, this was merely a reflection of the political and parliamentary situation in Italy itself. But far more important than the shortcomings and specific mistakes of the Italian leaders is the fact that the settlement of—or rather the failure to settle—Italian problems in 1919 was the result of a test of strength. In 1919, the collapse of the Central Powers deprived Italy of the possibility of playing the game of the balance of power; left to her own resources, her power is not great. Thus she came to concentrate her entire efforts on the increasingly narrow issue of the Adriatic. It is hardly an exaggeration to say that, in 1919, colonial questions did not play a major part in the general scheme of Italian policy, a fact which in itself is a measure of her strength—or her weakness. Yet she was not a wholly negligible quantity and could not therefore be coerced beyond a certain point. In the circumstances, as some Italians recognized at the time, it was best for her to leave matters unsettled. By force of circumstances, rather than by plan, this is precisely what happened, in the Adriatic as well as in Africa. In regard to France at least the Treaty of London remained alive and unfulfilled. The tentative settlement of 1935 has proved abortive. The attempt after this date to put into effect the extreme colonial program of 1919 constitutes another, the latest, chapter in the unfolding of a policy which, by logically consistent steps, has led Italy into the position in which she finds herself at this writing.

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WILLIAM LEGGETT, SPOKESMAN OF JACKSONIAN DEMOCRACY

WHEN William Leggett, one-time associate editor of the New York *Evening Post,* died prematurely at his home in New Rochelle in May 1839, he was all but unknown outside of New York. But those who had followed his brief career set no small value on his work. His friend and colleague, William Cullen Bryant, mourned the passing of his "warm and mighty heart."[1] John Greenleaf Whittier remembered him as one who had "labored more perseveringly, and in the end, more successfully," than any other man "to bring the practice of American democracy into conformity with its principles."[2] Walt Whitman coupled the doctrines of "the great Jefferson and the glorious Leggett" and in his declining years spoke of his great admiration for him.[3] A host of contemporary New Yorkers, who like Whitman had read Leggett's sharp editorials, continued to follow his principles and revere his name, and a recent historian of his times has described him as "one of the most sincere and brilliant apostles of democracy that America has ever known."[4] No less extravagant were the reactions of his political enemies during his lifetime. William L. Marcy, a moderate leader of the New York Democracy, thought of him as a "knave".[5] The aristocratic Daniel Hone described his writings on various occasions as "infamous", "disorganizing", "slanderous" and "das-

[1] In a poem, "William Leggett", *United States Magazine and Democratic Review,* VI (November 1839), 430; see also the memoir by Bryant, "William Leggett", *ibid.,* VI (July 1839), 17-28.

[2] *Old Portraits and Modern Sketches* (New York, n. d.), p. 197.

[3] See Allan Nevins, *The Evening Post: A Century of Journalism* (New York, 1922), p. 141.

[4] William Trimble, "The Social Philosophy of the Loco-Foco Democracy", *American Journal of Sociology,* XXVI (May 1921), 711.

[5] Nevins, *op. cit.,* p. 152.

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tardly ".[6] Rival editors, smarting under his sallies, many times accused him of Jack Cade-ism, Fanny Wrightism and "agrarianism", and confidently pronounced him insane.

With few exceptions historians have permitted Leggett's name to suffer undeserved neglect. At a time when Jacksonian Democracy was sundered into radical and conservative factions, he was one of the most prominent and forceful spokesmen of the radical wing.[7] He formulated the popular approach to currency, corporations, monopolies and banks when these were paramount issues. As the intellectual leader of the New York Locofoco movement, whose principles had considerable effect on democratic practice,[8] Leggett had a significance far out of proportion to his small direct influence. He was an articulate and popular writer, and his editorials expressed the social ideals and aspirations of a large segment of the Jacksonian following.

I

William Leggett was born in New York City in 1802.[9] After preliminary training there he was sent to Georgetown College, but his education was interrupted by the failure of his father's business. In 1819 the family moved to Illinois, where the youth remained long enough to gain a knowledge of frontier life which he later put to good use in his short stories. In 1822 he joined the United States Navy as a midshipman. During his four years of service he was assigned to an unusually cruel

[6] Allan Nevins, ed., *The Diary of Philip Hone* (New York, 1927), I, 163, 240-41, 399.

[7] William Trimble, "Diverging Tendencies in New York Democracy in the Period of the Locofocos", *American Historical Review*, XXIX (April 1919), 398-421; Dixon Ryan Fox, *The Decline of Aristocracy in the Politics of New York* (New York, 1918), chap. xiii.

[8] F. Byrdsall leaves no doubt of Leggett's intellectual leadership. *The History of the Loco-Foco or Equal Rights Party* (New York, 1842), pp. 14-19, 22, 26-27, 32, 33, 46, 98-99. For the nation-wide importance of the New York agitation, see Trimble, "Diverging Tendencies", and F. J. Turner, *The United States, 1830-1850* (New York, 1935), pp. 320-22; also Reginald C. McGrane *The Panic of 1837* (Chicago, 1924), chap. v.

[9] For biographical material see the sketch by Bryant, *loc. cit.*, pp. 17-28 also Allan Westcott in *Dictionary of American Biography*, XI, 147-48; Nevins *The Evening Post*, chap. vi.

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commander, and the harsh discipline doubtless had something to do with his lifelong hatred for authority. Finally, after undergoing court-martial for duelling with a fellow midshipman, Leggett resigned his commission. He had already contracted yellow fever in the West Indies, and his health was permanently impaired.

While at sea Leggett composed a set of poems which were published in 1825.[10] They were quite undistinguished, but some short stories on western and maritime life subsequently brought him a small reputation.[11] In 1828 he married, settled in New York, and established a literary periodical entitled *The Critic*. For most of its issues, *The Critic,* which lasted eight months, was strictly a one-man production; Leggett wrote the reviews, drama notes, essays, stories and biographical sketches, set the type, and delivered the magazine to its subscribers. In 1829, at the death of William Coleman, senior editor of the New York *Evening Post,* Leggett was called to assist Bryant on the editorial staff.

Leggett joined the *Post* on the condition that he should not be asked to write about politics, "a subject which he did not understand and for which he had no taste"; but in less than a year he had absorbed Bryant's free-trade principles and his Jacksonian Democracy and was writing with assurance on tariffs, currency, abolitionism and constitutional law.[12] The opposition dubbed him and Bryant "the chanting cherubs of the *Evening Post*", but there was nothing cherubic about Leggett's spirit. He was free with epithets and often harsh in judging opponents. Bryant found that he "sometimes needs a curb."[13] But when the financial prosperity of the paper permitted Bryant to leave in the summer of 1834 for a journey to Europe, Leggett was left in charge, and he promptly assumed the rôle of agitator.

[10] *Leisure Hours at Sea* (New York, 1825).

[11] *Tales and Sketches by a Country Schoolmaster* (New York, 1829); also *Naval Stories* (New York, 1834).

[12] Parke Godwin, *A Biography of William Cullen Bryant* (New York, 1883), I, 262.

[13] *Ibid.*, p. 319.

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Leggett found it hard to make the compromises necessary to a large journalistic enterprise. Within a short time he had succeeded in alienating many local advertisers, and, worse still, had cut off the government patronage which the *Post,* as a party organ, had enjoyed. He criticized successively the Postmaster-General, the Secretary of the Treasury, the Secretary of the Navy, and the Collector of the Port of New York, and lost the advertising of all their agencies.[14] By January 1836, when Bryant was forced to leave France in haste because of Leggett's serious illness, the paper was in sad financial straits. Leggett himself had borrowed so much from Coleman's widow that she compelled him to surrender to her his share in the paper.[15]

For a year after the fall of 1835 Leggett was too ill to work. Then came a brief return to the staff of the *Post;* but in December 1836 he began the publication of his own organ, the *Plaindealer,* which ran for less than a year. Leggett's experiences had not changed his temper. "We establish this paper," he wrote in its first issue, "expecting to derive from it a livelihood .... But we cannot for the sake of a livelihood, trim our sails to suit the varying breeze of popular prejudice."[16] It has not been recorded whether the *Plaindealer* was a financial success. At any rate, illness again forced Leggett to leave his journalistic labors. In the hope of regaining his health, he was preparing to go to Guatemala as American chargé d'affaires when death overtook him.

2

Leggett was so often accused of agrarianism—that standard nineteenth-century epithet for one who believed in a redistribution of property—that some of the tar was bound to stick to his reputation. A sympathetic historian has described the outlook of the Locofoco group, which Leggett inspired, as "nascent

[14] James Melvin Lee, *History of American Journalism* (Garden City, 1917), pp. 223-24.

[15] For Leggett's career on the *Post* see Nevins, *The Evening Post,* chap. vi.

[16] Theodore Sedgwick, Jr., ed., *A Collection of the Political Writings of William Leggett* (New York, 1840), II, 112. Hereafter cited as *Political Writings.*

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proletarianism ".[17] But Leggett's own social philosophy, more traditional than this epithet implies, was compounded of a few well-hallowed elements: laissez faire liberalism, the natural rights philosophy of the Declaration of Independence, and strict construction of the Constitution. That such a man should have been considered dangerously subversive is something of an anomaly in the history of a city that had known the agitations of Thomas Skidmore, Frances Wright and George Henry Evans. It was not so much the substance of Leggett's thought as his exceedingly broad sympathies, his rhetorical excesses, and the severe logic with which he applied commonly accepted principles to political reality that made him seem profoundly revolutionary.

The period when Leggett's thought took shape was one of rapid economic change and great political ferment. For the first time in our history the newly won political power of the unpropertied classes was being massed over an important issue. Andrew Jackson was waging his war upon the Bank of the United States, and agitations for democratic reform were rampant in the several states. Speculative activity was at a high pitch, corporate charters were multiplying, prices were rising, and real wages declining. Hard hit by the steeply rising cost of living, and resentful of increasing hardships in a time of great surface prosperity, labor was acting to defend its living standards. Organization took place with a rapidity that was not to be equaled again at any time in the nineteenth century. By 1836 it was estimated that 300,000 men were affiliated with the National Trades Union, and in New York City 11,500 workingmen, perhaps as much as two thirds of the city's gainfully employed wage labor, were organized.[18]

Aroused and informed by the penny press and by Jackson's dramatization of the fight against " privilege ", labor was also politically conscious. While this was generally true of the larger eastern cities, in no place was it more evident than in New York. Traditionally Tammany Hall had held the support

[17] Trimble, " The Social Philosophy of the Loco-Foco Democracy ", p. 710.

[18] John R. Commons, *et al.*, *History of Labour in the United States* (New York, 1921), I, 348-49, 381, 396, 424, 478-84.

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of the city's politically active lower class. But the Democratic machine was unable to face the new issues. In particular, the radicals in the party resented its domination by a faction of local bankers. These men were benefiting by Jackson's policy of removing federal funds from the United States Bank and placing them in state banks; and they remained loyal to the Democratic Party until its leaders proposed to take government money from all private banks. At the time when Leggett was left in sole charge of the *Post,* the left wing split from the Tammany machine and formed its own party, known to its enemies as the "Locofocos". Always a minority, this group held the balance of power between the major parties in the city; and its importance was increased by the fact that politicians throughout the country looked anxiously to the New York City elections in off years to determine which way the winds were blowing.

The social attitudes of the workingmen can be understood only with reference to the unsatisfactory banking practices of the time and the peculiar limitations imposed by law upon the formation of corporate businesses. To demand higher wages was the most feasible course of action for the workingmen, but there is evidence that their agitation was directed as much against the banking system as against their immediate employers.[19] Particularly objectionable was the fact that banks restricted competition and often prevented new men from entering the avenues of enterprise. Bank credits were beginning to play an essential part in business undertakings; the extension of trade over rather large areas, with the resulting delay in collections, made business especially dependent upon credit facilities. The merchant capitalist was better able to secure the necessary credit than the more humble masters and journeymen. To the ambitious craftsmen who constituted such a large part of the union membership, the banks seemed part of a huge monopolistic conspiracy. Bank charters were issued by legislatures to special groups; the banking business was thus closed to the rest of the populace. The same was true of practically all other lines of enterprise requiring large amounts of

[19] Commons, *op. cit.*, I, 218-19, 276-77, 278.

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capital. Except for manufacturing concerns capitalized for less than $100,000, which could be founded under a general incorporation law of 1811 in New York State, profit-making corporations were all created individually by special monopoly charters from the state legislature; and men whose capital or influence was too small to win charters from the lawmakers were barred from such profitable lines of corporate enterprise as bridges, railroads, turnpikes and ferries, as well as banks.

To set limits upon new enterprises either by restricting the flow of credit or by legislative ban seemed to the people a way of encouraging monopolistic price-making. "We cannot pass the bounds of the city", objected one of the Locofoco leaders, "without paying tribute to monopoly; our bread, our meat, our vegetables, our fuel, all, all pay tribute to monopolists." [20] And Leggett himself complained: "Not a road can be opened, not a bridge can be built, not a canal can be dug, but a charter of exclusive privileges must be granted for the purpose . . . . The bargaining and trucking away chartered privileges is the whole business of our lawmakers." [21]

Workingmen had another grievance against the banks. They were often paid in notes of distant or suspected banks, which circulated below par value. Forced by employers to accept these notes at par, they were thus defrauded of a portion of their week's pay. It was a common practice for employers to go down to Wall Street on a Saturday morning and buy at a discount enough of these "uncurrent" notes to meet their payrolls.[22] The resulting dislike of banks among the working classes was quickly recognized by political leaders.[23]

Most of the agencies of wealth which the laborers held responsible for their declining fortunes were creatures of the state legislatures. Discontent soon found a political channel; work-

[20] *The Democrat*, March 18, 1836; see also March 26.

[21] *Political Writings*, I, 103.

[22] *Ibid.*, I, 226; see also pp. 41-43, 234-35; *cf.* Commons, *op. cit.*, I, 218, 276-77, 349, 459; Horace Greeley, *Recollections of a Busy Life* (New York, 1873), p. 110.

[23] Thurlow Weed, *Autobiography* (Boston, 1884), pp. 371, 424; *cf.* William H. Seward, *An Autobiography* (New York, 1891), I, 257-58, 299.

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ingmen saw corporations and banks not as natural economic growths but as political creations based upon chicane, bribery and favoritism. They had no happy experience with government intervention in economic affairs. To them government intervention meant corporate monopolies and banks; it meant exclusive privileges granted to men who had already dug deep into the pocket of national welfare. It was the very antithesis of the equal rights which they considered essential to their own advancement. Freedom of enterprise, they believed, rather than government action, would redress the balance of affairs in favor of the poor and lowly. Legislatures need only refrain from weighting the scales in favor of the rich, and the people would rise through their own efforts. It was in this conviction that Leggett wrote.

3

The foundation stone of Leggett's political philosophy was the principle of equal rights, and it was this that the Locofocos —the "Equal Rights Party"—chose for their formal name. Leggett's political reasoning was distinguished by his insistence that this principle be applied not only to the formal aspects of democracy, such as suffrage and civil equality, but also to all legislation affecting economic life. Beyond doubt this philosophy was conceived by Leggett as a rationale for the working class, which had his full sympathy. During the bank struggle he stated that the present contest would "inevitably decide whether the rich or the labouring classes, the few or the many, are to rule this wide Confederation." [24] But he made it clear on a number of occasions that he proposed no class war or agrarian leveling. Indeed, one of his most urgent reasons for objecting to government interference in the private economic affairs of the people was that it would convert political strife into "deadly contests of the whole mass of the people whose pecuniary affairs are implicated in the event." [25] The fundamental purpose of government, he argued, is simply "to protect persons and property." This protection should be granted equally to all classes of the community. Government should

[24] *Political Writings*, I, 70. [25] *Ibid.*, p. 164.

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not concern itself with regulating the profits of labor or the value of property. For the laboring classes, who constitute the great majority of the people, this amalgam of equal rights and laissez faire is the greatest bulwark of liberty. "Their only safeguard against oppression is a system of legislation which leaves to all the free exercise of their talents and industry, within the limits of the GENERAL LAW, and which, on no pretence of public good, bestows on any particular class of industry, or any particular body of men, rights or privileges not equally enjoyed by the great aggregate of the body politic." [26]

Leggett denied any desire to "pull down the rich" or attack propertied institutions. His sole political aim was "that the property of the rich may be placed on the same footing with the labors of the poor." [27] The poor, he explained, understood well the claims of property and had ample regard for property rights. In fact, the people who labor with their hands had a far greater proportion of the actual property of the country than the creatures of the inflated credit system.[28] Leggett's opposition to the banking system was not the malcontent's hostility to all wealth, but the democrat's natural opposition to privileged monopolies instituted by law.[29] Every charter of incorporation, he pointed out, is a monopoly because it confers upon a small group of people the right to carry on a particular branch of business not open to the community at large. In place of special acts of incorporation, Leggett proposed a general incorporation law which would permit men of small capital and no political influence to organize such concerns. "Such a law would be the very measure to enable poor men to compete with the rich." [30] In this desire, that poor men should be enabled to compete with rich in the launching of business enterprises, was the core of Leggett's political motivation.

Leggett was careful to say that the democratizing of the laws should not interfere with established institutions. The legisla-

[26] *Ibid.*, I, 166; *cf.* p. 104; II, 135-42, 326. [27] *Ibid.*, I, 78.

[28] *Ibid.*, p. 107; *cf. Evening Post*, October 2, 1834.

[29] *Political Writings*, I, 97 *et seq.* [30] *Ibid.*, p. 90; *cf.* p. 143.

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ture should not breach the public faith by recalling existing bank charters before their expiration.[31] Moreover, failure to renew the charters of expiring companies did not mean that the corporations must be broken up; if a general incorporation law were passed they could be continued under its provisions.[32] Even when outrageous monopolies had been granted, as in the case of the New York-Brooklyn ferry, the public pledge must not be violated.[33] Leggett's stand on property rights was made amply clear in October 1835, when the New York *American*, a paper which had frequently joined the chorus of those who called him an "agrarian", proposed that the ferry problem be settled by maintaining free ferries at municipal expense. Here, cried Leggett gleefully, was real agrarianism proposed by the very guardians of property and public order. He himself was firmly against free ferries as violations of private property. 'A free ferry at public expense would bestow a valuable gratuity on those who had occasion to use it, at the cost of other men who never stepped foot in a ferryboat. If the city were to provide free ferries, why not free houses, free markets, free everything?[34] Speaking of his own political doctrines, Leggett declared: "They rest . . . on the basis of inviolable respect for private right. We would not have even the legislature take private property, except for the public good, directly, not incidentally; and then only in the clearest cases, and by rendering the most equitable compensation."[35] Such was the philosophy of this angel of destruction.

[31] *Ibid.*, pp. 41-42.

[32] *Ibid.*, pp. 142-43.

[33] *Ibid.*, p. 212.

[34] *Ibid.*, II, 81-82. The reasoning in this editorial is identical with that used by William Graham Sumner forty years later in his assaults upon reformers.

[35] *Political Writings*, II, 81. Leggett was thoroughly consistent in his opposition to any expansion of state action. In an editorial strongly resembling some passages of Herbert Spencer's *Social Statics*, he even attacked a proposal to found a state-supported asylum for the insane poor. The care of the insane should be decentralized as much as possible, Leggett maintained. Not the state, but the county, the town, or, better still, their own kindred should have the responsibility. *Ibid.*, I, 79-82. Like Spencer, Leggett pushed the laissez faire principle to the extreme of proposing that the functions of the post office be left to private enterprise. *Ibid.*, II, 190-96.

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4

Bolder and more original were Leggett's editorials in defense of labor unions, then commonly regarded as dangerous conspiratorial organizations. Leggett insisted that workingmen had as much right to act in concert as their opponents did. It was their "bounden duty", indeed, to organize in resistance to monopolies and the currency system. Only by combined effort could they prevent employers from paying them in depreciated notes, which unorganized workers could be forced to accept.[36] Leggett thought he could reconcile unionism with his cardinal principle of free trade. "Our notions of free trade . . . dispose us to leave men entirely at liberty to effect a proper object either by concerted or individual action. The character of combinations, in our view, depends entirely upon the intrinsic character of the end which is aimed at." Since fraudulent payment was unquestionably an evil and since combination was beyond doubt the only remedy, it was fully justifiable.[37]

Leggett was not an uncritical supporter of the labor cause. When a union demonstration against high prices culminated in a flour riot during the winter of 1837, Leggett joined other New York editors in condemning the Trades Union. The unionists, he argued, had no moral ground for condemning the victimized merchants on the mere suspicion that they were withholding flour from the market. The laborers themselves were organized for the very purpose of withholding from the market an even more vital commodity than flour, in order to get their own price. The situation could not be improved by destroying part of the stock of a commodity already selling too dearly. There was only one cure for high prices. If flour dealers were monopolizing the commodity, they could be properly punished neither by civil law nor by mob law, but only by "the inevitable penalties of a violation of the laws of trade", by which Leggett meant "natural" economic laws. But the same held true of the laborers, Leggett hastened to add. Society should take no action against them. The immutable principles of trade would infallibly teach them their error, if

[36] *Ibid.*, I, 109, 228-29. [37] *Ibid.*, II, 125-26.

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they would not graduate the price of labor according to the laws of supply and demand. "We are for leaving trade free," he concluded, "and the right to combine is an indispensable attribute of its freedom." The proper way to cheapen flour would be to abolish the paper money system and destroy inflated values at the root.[38] When others proposed a measure to provide legislative indemnity to those who suffered property loss through mob action, Leggett was quick to condemn the idea as an improper extension of governmental functions.[39]

To defend labor unions was by no means an unheard of thing for a Jacksonian Democrat, but to speak up for abolitionists was rank heresy. In upholding the civil rights of the anti-slavery agitators and finally announcing his conversion to their cause, Leggett in effect read himself out of the Democratic Party. At first he had opposed emancipation on the ground that free Negroes would only compete with the labor of the North and lower its living standards.[40] But he became interested in the abolition movement when its circulars were barred from the mails and its speakers attacked by mobs. According to Whittier, he was converted by an American Anti-Slavery Society address sent to him in September 1835.[41] Certainly at that time his editorials on the slavery question became sharper,[42] and in an early issue of the *Plaindealer* Leggett avowed himself an abolitionist.[43] In 1838, when his friends were planning to nominate him for a Congressional office, he characteristically eliminated himself from the campaign by firmly restating his abolition sentiments.[44]

5

It would not be difficult for a severe critic to show that Leggett's economic ideas were in some respects as impractical as his editorial conduct of the *Post*. One may search in vain for some principle of consistency in the argument of a man who held that the banking system was already extended well be-

[38] *Political Writings*, II, 221-25. For this editorial Leggett was for the first time attacked by labor spokesmen. *Plaindealer*, February 25, March 4, 1837.

[39] *Political Writings*, II, 244-50.

[40] *Ibid.*, I, 207-8.

[41] *Old Portraits*, pp. 204-5.

[42] *Political Writings*, II, 64-65, 76-80.

[43] *Plaindealer*, January 14, 1837.

[44] *Political Writings*, II, 335-36.

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yond the business needs of the nation but who also urged that opening the banking business to all and sundry would be a prime remedy for economic ills. And Leggett's metaphysical faith in the all-sufficiency of the "laws of trade" was, to say the least, naïve. Perhaps the fatal weakness in his thinking was his failure to assign any of the hardships of his day to the inherent disorders of a growing economic system, his tendency to trace all difficulties to an evil conspiracy on the part of the rich and well born.[45] Leggett had no conception of history as an evolutionary process. To him both political democracy and economic harmony were inherent in the natural equilibrium of society. "Democracy and political economy both assert the true dignity of man", he once wrote. "They are both the natural champions of freedom and the enemies of all restraints on the many for the benefit of the few."[46] Against this naturally beneficent state of affairs the corporation and bank men were conspiring; and they would, if they were not checked by the people, subvert democratic laissez faire institutions and establish an aristocracy based upon legislative privilege. This was not an unfamiliar point of view in the United States.[47] It had been the philosophy of Jefferson and John Taylor of Caroline.[48] It was also the philosophy avowed by Jackson himself.

In spite of the simplicity of his outlook, there was much that was sound in Leggett's agitation; and it was not long before his labors, and those of more prominent leaders of the New York radical Democracy, began to bear fruit. While the Democratic Party came to grief over the attempt to abolish bank notes of the denominations in which workers were paid,[49]

[45] See for example *ibid.*, I, 110; II, 165. [46] *Ibid.*, II, 109.

[47] Leggett was quite aware of this and of the tradition to which he belonged. See especially the *Evening Post*, October 3, 1834.

[48] The continuity of early American democratic thought on laissez faire is discussed in Richard Hofstadter, "Parrington and the Jeffersonian Tradition", *Journal of the History of Ideas*, II (October 1941), 391-400; see also Edwin Mims, Jr., *The Majority of the People* (New York, 1941), pp. 244-46. Leggett's economics was shaped chiefly by "the invaluable work of Adam Smith." See *Evening Post*, September 18, 22, 1834. He was also fond of citing Sir Thomas More's *Utopia* on government as an agency of the rich. See especially *Political Writings*, II, 161, 165.

[49] See Seward, *op. cit.*, I, 359-60, 387, 392; Fox, *op. cit.*, p. 402.

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other proposals were written into law. In 1838 the New York legislature passed a Free Banking Act, which, although it did not fully satisfy the demands of the radicals, was a long forward step in the development of banking law and an important move toward dissociating the corporation from monopoly.[50] Finally, a general incorporation law was provided for in the state constitution of 1846. In national politics the popular agitation for separation of bank and state bore fruit when Congress passed the Independent Treasury Act, which removed government deposits from state banks and authorized their safekeeping in federal repositories.[51] This measure marked the victory of the radical Democracy in the party councils.

The agitation of men like Leggett probably did far more to develop the corporate institution in the United States than to destroy property rights.[52] This outcome is more understandable when it is realized that their aim was not to abolish or even to limit private property but simply to democratize the country's economic life. Leggett proposed that the humble savings of the plain people should be given access to the great sources of profit and the great avenues of opportunity. He was willing to leave the distribution of wealth to the "natural" workings of ability and talent, if only the scales were not artificially weighted against the lower classes. Probably few men in America preached the bourgeois ideals of personal and property rights, freedom of contract, laissez faire, individualism, and private enterprise with as fine a sense for the needs and desires of the common man.

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[50] On this measure, its importance, and its limitations, see Bray Hammond, "Free Banks and Corporations: The New York Free Banking Act of 1838", *Journal of Political Economy*, XLIV (April 1936), 184-209. See also Leggett, *Political Writings*, II, 265-66.

[51] The Independent Treasury was created in 1840, abolished by the Whigs in 1841, and reëstablished in 1846.

[52] The spread of general incorporation laws throughout the states made the corporation form increasingly available to business men everywhere. Certainly these laws had much to do with the rapid growth of corporations in the two decades before the Civil War. See Thomas C. Cochran and William Miller, *The Age of Enterprise* (New York, 1942), p. 70.

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POLICIES OF POST-WAR EMPLOYMENT

ACHIEVING social security is predominantly an employment problem. Although many persons and families may fall below minimum standards of subsistence or of health and efficiency even when the bulk of the population is well employed, it is only when unemployment is large and prolonged that securing these standards raises the most difficult economic and political problems and requires the adoption of new and heroic measures. A country with an unemployment rate of 5 per cent or less will count among its people a considerable number who are unable to make ends meet and procure for themselves and their families the essential physical requirements and amenities of life. But their needs can be met through balanced and well-managed plans of social insurance and through the development of those social services with which the United States has had so long and, on the whole, so satisfactory an experience. Once, however, the unemployment rate is multiplied three- or four-fold, rises to 15 or 20 per cent of the labor force and remains at such high levels for long periods of time, affording the bare necessaries of life to the unemployed and their dependents alone becomes a formidable undertaking and the sheer magnitude of the problem invites drastic proposals of relief and far-reaching plans for the revision of economic policy.

In the decade of the 1930's it was clearly the continuance of high unemployment rates which aggravated the usual problems of poverty—low standards of subsistence, health and education. If, by some happy confluence of circumstances and policies, the unemployment rate of this period had declined to 2 or 3 per cent, where it roughly stood in 1923, 1926 and 1929, we should still have been plagued with the existence of poverty. But the measures we should then have adopted for relieving and rehabilitating the poor and the underprivileged could have been moderate and they need not have imposed severe strains upon our political and economic institutions. We might well

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have pushed on with our efforts to raise general standards of living by the customary and accepted means, elaborated, extended and revised without haste and with due care. Our aim should have been to promote reform while preserving tested ways of doing business and performing the functions of government.

After the war, therefore, as in the 1930's, the central problem of social security and social reform will be the problem of reaching and maintaining relatively full employment and avoiding another long spell of mass unemployment. However liberal and expensive post-war systems of insurance, relief and public employment will be, they will prove inadequate and disappointing if many of the sources of private employment turn out to be as sterile as they were found to be in the years between 1929 and 1941. Unless the policies we are about to adopt succeed in producing and keeping a satisfactory volume of jobs, we shall shortly be repeating the experiences of the decade before the war, but on a more ambitious and grander scale. We shall by then have perfected the machinery for distributing public funds. The already heavy burden of war taxes will resist material downward revision in the face of unusual peacetime expenditures directed toward raising the levels of economic activity and employment. The pace of state intervention will be accelerated and the area to which it is applied widened.

For the future well-being and peace of mind of this country, then, much, if not all, depends upon the policies of prosperity and employment with which we decide after the war to guide the course of economic development. We shall have then, as we have had before, alternative courses of action to choose from. Whichever road we elect to follow, it is clearly of vital importance that the people of this country know what they are about and are afforded the opportunity to weigh the relevant evidence and to see the grounds on which we make our final choice.

From the continuous debate which our employment policies of the 1930's provoked there flowed a stream of books, pam-

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phlets, articles and reports. Their authors stated the case for and against conflicting theories of unemployment, public finance and central banking. They differed among themselves in the degree to which they urged reliance upon action by the government or by private enterprise. The explanations they offered of the causes of the mass unemployment of the thirties served as the foundation for the measures they proposed to prevent unemployment in the future. Some, finding the cause of the unemployment of eight or twelve millions in the inherent incapacity of business to absorb such numbers into employment, sought the cure in the expansion of investment and economic activity by the government. Others, finding the cause in the numerous barriers put in the way of business by the policies and practices of the times, sought the cure in relaxing existing regulations and prohibitions.

It remained for an agency of the government to bring the debate to a climax. A report [1] published last year by the late National Resources Planning Board undertakes an exhaustive review of unemployment in the United States during the ten years, 1930-1940. This volume of over six hundred pages is primarily concerned with relief policies. But it goes far afield. In addition to surveying the variety of means with which central and local governments treat the unemployed and the indigent, it makes extensive excursions into the theory and practice of public finance. It is a treatise, among other things, on public administration, business cycles and social insurance. And it concludes with an elaborate series of findings and recommendations, whose purpose it is to show how we can avoid mass unemployment and what we must do to raise the standards of living of the underprivileged among us.

No single review can hope to assess the mass of statistics, observations, opinions and inferences with which this report is filled. But a review, if it does nothing else, may at the least help clarify the American problem of unemployment by describing the theme around which this report appears to be built

[1] *Security, Work and Relief Policies*, Report of the Committee on Long-Range Work and Relief Policies to the National Resources Planning Board. Washington, U. S. Government Printing Office, 1942. xii, 640 pp. $2.25.

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and by suggesting the argument from which the authors and sponsors of the report seem to draw their major conclusions. For, overwhelming as the statistical material of the report is, it is quite clear that much equally important and relevant material is omitted. It is also clear that the same statistics, or facts, need not mean the same thing to different people. What matters about the report is the process of reasoning by which the authors arrive at their results.

I

The problem of the 1930's, with which the report of N.R.P.B. is, or should be, primarily concerned, is essentially a scientific one. The solution of the problem consists in accounting for the unemployment of that period. Barring an exclusively "theoretical" attack on the problem, an acceptable factual analysis would seem to require a thorough and precise description of the unemployment of these years, a comparison of the unemployment of the 1930's with that of earlier decades and an examination of the leading forces which in both periods are considered to have influenced the amount and course of unemployment. Such an analysis should suggest how far, if at all, the unemployment experience of the 1930's was unique in recent American history or during as long a period for which reasonably comparable data are available. It might disclose the conditions which have been associated with radical changes in the volume and rate of unemployment. If it did only this, it would be of extraordinary value in indicating which theoretical problems are most worth pursuing and in helping us decide how far we are ready to go in assuming that what happened between 1929 and 1941 will be repeated from now on.

Unfortunately the report does few of these things. The record it presents and the data it analyzes are in the main limited to the years 1930-1940. The most explicit reference it makes to the sharp change in the amount of dependency which the depression of 1930 initiated is contained in a comment on the Hoover report on *Recent Social Trends*.[2] "The total number of persons dependent on socially provided incom

[2] *Recent Social Trends in the United States: Report of the President's Committee on Social Trends*, with a Foreword by Herbert Hoover (New York and London, 1933).

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during the decade of the twenties", the N.R.P.B. report observes, "is unfortunately not available. However, it was apparently so insignificant that the comprehensive report on recent social trends, inaugurated by President Hoover in 1929, made no attempt to indicate its size and devoted only cursory attention to the public programs providing for dependent persons." But even this observation cannot be accepted as an admission that conditions before and after 1930 exhibited striking differences in prevailing rates of unemployment and in the need for public assistance, for it is prefaced by the opinion that "it is not too much to say that prior to 1930 no other industrial country had made so little provision for public aid. . . ."

The student, therefore, who is curious to know how large a rôle unemployment played in the public aid requirements of the thirties and how this squared with previous experience in this country will receive little help from this report on security, work and relief policies. He may be led to believe that historical comparisons are of small importance in explaining the surprising behavior of unemployment following the business recovery of 1933. He will probably leave the report with the feeling that the year 1930 is assumed to be the beginning of a new era in the United States, during which private employment will consistently fail to absorb a substantial proportion of the country's working population and the task of finding employment and income will increasingly fall upon the government. But he will be puzzled to know how sharp the break in 1930 between past and future was and what evidence there was to support the assumption that the forces of business recovery after 1930 could no longer be counted on to act with their customary effectiveness.

About these questions, which the report leaves largely unanswered, there is much to be learned from available historical records, incomplete and inadequate as they may be. Unemployment estimates, in particular, can be used to show not only the course normally pursued by unemployment in this country, but, what is more important, the striking turn in trend which unemployment appears to have taken in the 1930's. It is true, of course, that estimates of unemployment, which go far back

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of 1920, are subject to large and uncertain margins of error. But the available series have been revised and improved and, in terms of relative changes in unemployment, show a rough conformity to independently derived estimates of physical production and national income.

In any case, the National Industrial Conference Board, a private, employers' research agency, has constructed and publishes an unemployment series which begins in 1900 and covers now more than forty years. It is a widely used estimate and is described by the N.R.P.B. report as follows:

> Since it was felt desirable to avoid charges of exaggerating the inadequacy of work programs [during the thirties] to provide for the unemployed, the NICB estimate . . . was selected as the measure of unemployment precisely because it is in general the most conservative of the available estimates. There is, moreover, general agreement that it is the most carefully compiled of the various series . . . .

When the Conference Board's unemployment estimates are converted into unemployment rates (the percentage which the numbers unemployed are of total work-force) they show a startling change in trend after 1930. The tabulation below compares the unemployment rate during years in which business activity reached its peak in the three decades, 1900-1930, with the rate in 1937, the best year of the 1930's, and in 1940, when American business was already feeling the effects of foreign and domestic war orders.

Year	*Annual Average Unemployment Rate* (per cent)
1902	1.6
1907	2.1
1910	1.5
1913	2.6
1918	(a)
1920	1.3
1923	1.7
1926	1.0
1929	0.9
1937	12.0
1940	15.0

[a] It is estimated that the numbers employed in this year exceeded the normal work-force.

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The striking feature of these figures is that they refer, not to years of depression when unemployment rates are expected to be high, but to years of good business and, hence, of considerable activity. Taking the best business years during the long span of four decades, the record of the 1930's seems poor indeed. Whatever we did by way of national economic policy to promote effective business recovery and to solve the unemployment problem, we were left in 1937 and 1940 with unemployment rates eight to fifteen times the rate in the good years before 1930. A closer study of the unemployment records of the decade, 1930-1940, discloses a still worse picture. In the lengthy expansion which began in 1933 and ended in 1937, the unemployment rate remained extraordinarily high, running from 20 per cent in 1934 to 15 per cent in 1936. In the last depressed year before the war, 1938, the rate was roughly 19 per cent or nearly twice the rate in 1921, a year of severe depression. And in 1940, when to the ordinary forces of recovery there had been added foreign and domestic war orders, unemployment was still as high as 15 per cent of the nation's labor force.

If there is anything at all in this record, it establishes the fact that the thirties were a unique period in at least forty years of American economic history. From these figures it may be inferred that the complex problems of dependency and public aid, which in the 1930's became almost the exclusive preoccupation of public policy, were intimately associated with and conditioned by the unusual behavior of unemployment during those years. Considered on the background of past experience, the developments of this latest period amounted to an abrupt and thoroughgoing change in apparently long continuing economic trends. It should be clear that no trifling considerations can suffice to account for them.

But an acceptable explanation of them is of vital importance to this country. For such an explanation will serve, not to satisfy our intellectual curiosity, or to justify or condemn the course we took before this war, but to act as the foundation of our policies of business recovery, employment and unemploy-

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ment for many years to come. With so much at stake it is imperative that we put ourselves in the position to judge the merits of competing hypotheses or theories, each of which is urgently claiming attention and acceptance.

II

In its explanation of the character and causes of the phenomenon of the thirties, the report of the N.R.P.B. offers precise and categorical answers. Subjecting the economic history of the nineteenth century and the first forty years of the twentieth to a brief, but positive, review, the report concludes that the economic expansion of the nineteenth century was on the wane long before the great depression of 1930. The resolution of the forces responsible for so radical a turn in the trend of a century or more was interrupted and delayed by the World War of 1914-1918, which was the source of a vast demand for investment, during the war for war purposes and after the war for reconstruction. The "New Era" period of the 1920's was a second interruption. This time speculative booms kept the expansion going. But the developments of this era "could offset the fundamental disproportion in the economy only temporarily. Once they petered out, the boom collapsed," and the thirties were upon us.

The "fundamental disproportion in the economy", whose consequences the boom of the "New Era" could avert but not cure, is the familiar disproportion between savings and investment. "Savings", the report says, "tend to increase faster than the investment demand for savings. This explains the basically 'deflationary' trend in the modern economy which makes it difficult to attain and sustain the full operation of all resources by the automatic working of the market forces alone."

The causes of this growing disproportion are many. Generally speaking they reflect the differences in opportunities for investment in the nineteenth and twentieth centuries. Specifically they are fairly stated in the following propositions culled from the report itself:

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1. Expectations as to the extent of demand play as great a role in determining the degree of business activity as the level of costs. Indeed, during the last 10 years the influence of demand expectations appears to have been predominant. Furthermore, it seems likely that the economic environment of recent decades was one less conducive than that of the nineteenth century to a sense of optimism on the part of producers and investors.

2. The theory of the "maturing" of the economy has often been misinterpreted as attributing the stagnation of the thirties to a saturation of consumer demand or an exhaustion of the potentialities of development. Maturity should not be confused with senility. With one-third of the nation ill-housed, ill-nourished, and ill-clad, the talk about saturation does not make sense . . . . There still are wide opportunities to increase productivity and raise the standard of living. But the patterns of development must be revised in line with a different historical combination.

3. Technical developments are going on at a rate never experienced before. But their effects on the total capital supply are declining.

4. Modern developments not only affected the composition of demand and modified the force of technical developments but also changed business organization and even the incentives to which business enterprise responded . . . . Today private investment increasingly follows an already visible demand, while in the earlier period it was significant that investments often anticipated and thereby created a future demand.

5. It seems difficult not to conclude that recovery failed to materialize because the necessary stimulus to resumption of productive activity required in the changed environment and economic climate—evidence of renewed demand—was not present and in its absence low costs alone were an insufficient incentive. This diagnosis of the depression gives an entirely different background for the analysis of public-aid programs than did the cyclical explanation.

The conclusions and recommendations which inevitably flow from these historical generalizations are plain. The State will henceforth find it necessary to underwrite or guarantee employment since industry cannot be expected in the future, as it

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did in the past, to absorb the overwhelming majority of the population seeking work. The machinery through which the guarantee of employment (or income) is effected is a comprehensive and many-sided public-aid system to be financed by government. The methods by which public funds used for these purposes are raised are crucial because it has been demonstrated that "public spending directly affects the tempo of economic life." Hence, "a situation such as occurred in 1937-38, when the imposition of pay-roll taxes undermined the effectiveness of a spending program, must not recur." When, also, in the future, laggard employment dictates an increase in the distribution of unemployment benefits, "it is evident that no increase in consumer purchasing power will occur if the increased disbursements are financed out of increased wage and pay-roll tax levies. A direct subsidy from the general revenues financed by borrowing will be essential."

III

At the most this central thesis of the N.R.P.B. report is a useful and interesting working hypothesis. There is little by way of evidence in the report to support it. The sweeping generalizations which undertake to differentiate the forces of economic expansion during the nineteenth and twentieth centuries can hardly justify radical changes in this country's future economic policies unless they are supported by a greater weight of evidence than is now at hand. Likewise, the separate propositions which are deemed to reflect and confirm the incapacity of industry to rise to the employment requirements of the present century, in addition to their ambiguity, rest upon a dubious foundation of fact.

But the most disturbing feature of the report is its failure to deal at all adequately with the 1930's, the period on which it expended the greatest effort and the most thought. For these were years crowded with events and experiments. A good case might, indeed, be made for finding many of the roots of the troubles of this period within the ten years themselves.

Consider first the nature of the depression which initiated the decade and must have profoundly affected much that hap-

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pened in the years to follow. It was the first of the business depressions of this country to which national policies aimed to arrest the forces of decline began to be applied. The usual processes of adjustment and liquidation were, in consequence, delayed when they were not altogether abandoned. One feature of the American way of doing business which no doubt acted to prolong the depression and to aggravate it may be considered almost indigenous to this country. Our decentralized and highly competitive banking system, carelessly supervised and regulated in its daily operations, proved too weak to counteract or mitigate the powerful forces of depression and, indeed, added fuel to the fire. Prompter and firmer handling of this element of the situation might well have brought the depression to an earlier termination and might thus have averted the severest manifestations of depression with which we were visited in 1932-1933.

Again, in the effort to speed recovery and return men to employment in 1933 a new Administration devised and applied wholly novel measures of economic policy. Their first aftermath was a short-lived boom which ran its course in the last six months of 1933. Started to encourage confidence this policy quickly created dissension and litigation. Although it was a genuine effort to speed business recovery, the N.R.A. and associated enterprises might well have retarded recovery and slowed down the pace of business expansion.

Throughout the major part of this period American business was treated to one of the most drastic programs of labor reform, certainly in the history of this country and probably in that of other industrial countries as well. In the briefest space of time ten hours were cut from the full-time work-week and in many cases commensurate adjustments in wages were required and granted. At the same time the government, for all practical purposes, ordered the general unionization of labor and the introduction of collective bargaining into an industry accustomed for generations to almost unlimited freedom of management. The battle between industry and organized labor proved a disruptive force of the first order in the critical

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recovery years of 1936 and 1937. Once our labor and wage policy got under way, wages in many basic industries were fixed in almost total disregard of trends in business and the opportunities for employment.

All of this, moreover, happened in an atmosphere of suspicion and distrust. Public policies, more often than not, assumed a punitive color. Private business became readier to combat the government than to coöperate with it. Class lines were sharply drawn and tended progressively to divide the people of this country as to methods and goals.

These items hardly exhaust the list of novel policies and practices which acted to influence the course of events during these troubled years. It is not necessary to insist that in them lies the true explanation of the instability, unemployment and urgent demands for public assistance which featured this decade. But it is surely correct to say that no public research agency can afford to base the heart of its conclusions and recommendations concerning such issues of vital public concern on an untested hypothesis, however plausible and attractive, when an alternative hypothesis, at least equally tenable, is not given the careful and competent consideration it so plainly deserves.

LEO WOLMAN

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REVIEWS

The Republic: Conversations on Fundamentals. By CHARLES A. BEARD. New York, The Viking Press, 1943.—xiii, 365 pp. $3.00.

It had better be said plainly at the start that a review of Beard's *Republic* can hardly escape seeming to be extraordinarily subjective. Inasmuch as it contains the conclusions of a learned and thoughtful man about the past, present and future of the government of the United States, a reviewer can do little more than offer in general terms his own opinions about the significance and validity of those conclusions. He can certainly not give to this book a neat label, a brief summary, and a pat criticism.

Like Plato's *Republic,* Beard's is in the form of conversations. The scene is laid in his study, the time is a series of recent Friday evenings, and the principal characters are Beard who leads the discussions, a neighboring physician and the physician's wife. Other persons, among whom are a social welfare worker, a Catholic priest, a refugee, an industrial magnate and a trades-union leader, are brought to the fireside when topics that will interest them are up for discussion. As they expound and defend the political opinions and actions of the groups they represent, ask questions, display hot-headedness at times and cool temper on other occasions, and as they state the ill-considered and biased ideas about government that one sometimes hears on the street corner or in the Pullman smoking compartment, one does not need a trained imagination to see relationships between political principles and the turmoil of daily living. Like Robert Browning's painter, Fra Lippo Lippi, Beard puts real men and women rather than shadowy abstractions of humanity into his work. Furthermore, he uses the give and take of conversation to apply the Socratic method to many popular conceptions about domestic and foreign policy, and few of these come through the fire without having a good deal of dross burned out of them. Some are even left in ashes.

In this humanized, Socratic treatise on American government there are a number of passages that are notable for freshness of fact or originality of idea. Among these are a history of the meaning of

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the word "democracy" and Beard's definition of democracy as it "has been conceived in the United States"; comments on the uses of historical knowledge and on the difficulties that confront the social scientist in his search for exactness in terminology; an account of movements to establish a military dictatorship during the American Revolution; a reëxamination of the limits of the president's power in foreign affairs; and remarks on the force of ideals, moral sentiments and civilized manners in constitutional government. And there is a store of historical learning which is impressive even though an occasional statement is open to question, such as the estimate of General George B. McClellan and the suggestion that some of the original words of the Constitution like "We, The People," contained a forecast or prophecy of the richer content of meaning that has been put into those words in later years.

But Beard's main concern is less with the past than with the future, so much so that one is tempted to say that his primary rôle in this book is that of a prophet who is looking to historical experience and logical thinking for guidance. About some of the questions that confront us he is more certain of the inadequacy of the programs now being offered than he is of what ought to be done. Such, for example, is his position toward the schemes of both capital and labor for the economic underwriting of the Constitution, and toward many of the plans for the post-war reconstruction of the world. In the areas where Beard sees the road ahead more clearly his main convictions are, first, that "the supreme object of American foreign policy should be to protect and promote the interests, spiritual and material, of the American people, and, subject to that mandate, to conduct foreign affairs in such a manner as to contribute to the peace and civilization of mankind." And, secondly, that "the supreme constitutional issue of our troubled times" does not lie in any formal change that might be accomplished by constitutional amendment but consists rather in discovering "ways of getting more competence, more efficiency, more responsibility in our Government under our Constitution pretty much as it stands now." In short, his primary concern is with the United States rather than with the world, and within the United States he is more concerned with the spirit of constitutional government than with a reformation of its structure. Although he advocates an improvement of congressional procedure with a view toward strengthening that branch of government and of bettering its relationship with the executive, and although he makes other specific suggestions, he is extremely skeptical of plans that

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promise Utopia through a revision of the framework of government. But he is not cynical about humanity. He has faith in the capacity of American people, despite all their frailties, to maintain and to improve their Republic, and he has great faith in the value of constitutional government for mankind. Toward the realization of his faiths Beard has made a great contribution in his *Republic,* through the clear, critical thinking he has employed and through the sense of lofty purpose he has displayed.

CHARLES S. SYDNOR

DUKE UNIVERSITY

The New Europe. By BERNARD NEWMAN. New York, The Macmillan Co., 1943.—viii, 568 pp. $3.75.

Far too much discussion of post-war arrangements is concerned with the empty repetition of principles so vague and so broad as to be virtually meaningless. There obviously is much to be said for securing agreement on general principles before seeking to fill in the necessary details. But when interest is centered chiefly on the renewed and reiterated endorsement of undefined and little-understood concepts the result is likely to be of little practical value. It is not until the general discussions come around to an effort to find concrete definitions for such terms as liberty and security and to an attempt to work out their practical application that dissension is likely to arise. And so for the sake of the harmonious acceptance of resolutions to which no democratically inclined person would object, the authors of books and the chairmen of meetings generally relegate the definitions and the applications to limbo. The inevitable result will again be popular disillusionment when the next peace conference fails to achieve the unachievable.

In the circumstances the book under review comes as a breath of fresh air into an atmosphere of smug stodginess. While this reviewer finds frequent occasion for serious disagreement with Mr. Newman on items of both fact and interpretation, the author certainly has done a splendid job in bringing a discussion of post-war affairs down to earth and in having the moral courage, when so many others are carefully avoiding the subject, to talk and write about so practical and vital a thing as post-war European boundaries. If only more of us would realize that it is on the rock of such things as boundaries, not on clouds of liberal concepts, that the work of the next peace conference, and hence the future of the civilized world, may be shattered!

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Mr. Newman's intelligent approach to the problem obviously is the result, at least in part, of his direct knowledge of conditions at the foci of trouble throughout post-Versailles Europe. For fifteen years he spent every summer traveling through Europe and northern Africa—bicycling through all the disputed boundary areas, talking to officials and to peasants, to partisans of this side and of that. He *knows* the importance of political boundaries in Europe in a way that most Americans—with only fish as their immediate neighbors to the east and to the west—perhaps never *will* know it. He makes it abundantly clear—and this again is something that most Americans need to have impressed upon them where European developments are involved—that "the economic aspect must not be unduly stressed at the expense of the nationalist outlook." After this war, during which patriots in the German-occupied territories have suffered an existence worse than that of street dogs in order to maintain their national identity, the spirit of nationality will be a much stronger force than many misguided idealists anticipate.

The author's attitude, while somewhat colored by his background and his attachment to the British Ministry of Information, is nonetheless practical and based on a wide and discriminating knowledge. The style is pleasant and pungent, for the chapters evidently are based on the lectures which, according to his publishers, Mr. Newman delivers before a quarter million persons each year. The book contains about fifty excellent black-and-white maps and is full of thoughtful statements. How much is said, for example, in these few words: "We shall know whether we have really won the war by what happens to Poland." *The New Europe* deserves a much wider reading public than it probably will have.

The best chapter in the book is the first one: a fifty-five page discussion entitled "Approach to the Problem". In this section the author fully establishes the importance of boundary considerations in any attempt to settle the European "problem". He also describes effectively the difficulties that confronted the men of Paris and probably will confront those of the next peace gathering. The practical applicability of the eight points of the Atlantic Charter is clearly brought out, as is the necessity for solving a number of troublesome minority problems through the transfer of populations. The eventual creation of a series of regional federations in Europe, each composed of states generally satisfied with their political boundaries, concludes the introductory survey. There follow individual chapters on Poland, Russia, the Baltic States, Finland,

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Romania, Yugoslavia, Bulgaria, Albania, Czechoslovakia, Hungary, France, Italy, Germany, and "The New Europe?". In each case there is enough of the history of any region to explain the origins of its problems and aspirations, and full attention is paid to historical, natural and strategic frontiers. Every chapter ends with a neat and useful summary of the argument.

The author's proposals with respect to Germany are interesting. He suggests the complete abolition of the German army and navy, with not even a token force remaining and with foreign supervision of the internal police. Germans are to be excluded from any and all foreign armies. Punishment, he believes, should be meted out to the members of the German General Staff as well as to the Nazi leaders, for the military officers are equally responsible with the Hitlerites for the present chaos; but the punishment must not be of a type to make martyrs of the war criminals. Germany should be forbidden to manufacture any kind of armament, and the prohibition should extend to civil aircraft. Allied garrisons—British, French, and perhaps American in the west, Polish and Russian in the east—are to control German bridgeheads and other strategic places, without time limit. Above all, every term must be definite, clearly stated, and absolutely enforced.

In these circumstances, Mr. Newman would permit the formation of a German federation including, if the people voted affirmatively, most of the regions that comprised the Germany of 1919. Naturally the author also hopes for continued Anglo-American coöperation after the military phases of the war are over. "If Britain and America stand firmly together," he says, "then the German leaders know not only that they cannot win World War II, but that they will never be able to prepare for World War III."

WALTER CONSUELO LANGSAM
UNION COLLEGE

Origins of the American Revolution. By JOHN C. MILLER. Boston, Little, Brown & Co., 1943.—xiv, 519 pp. $3.50.

Few periods in the history of the British Empire have been more carefully studied than that which followed the Peace of Paris in 1763. Then it was that imperial administrators, with a slowly growing sense of crisis, strove to solve the ancient problem of reconciling liberty with order. During the last forty years more than a score of competent scholars have examined the reasons for their

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failure; yet Professor Miller has had the patience and courage to go over the records once more in the hope of finding new evidence concerning the origins of the American Revolution. That he has worked efficiently is obvious from his impressive array of primary sources, many of them used for the first time. But if his data are often refreshingly novel, his conclusions seldom challenge the findings of his predecessors over the years, from Bancroft to Andrews; in his general viewpoint he is probably nearer the former than the latter. In fact, despite his rewarding quest for new material, he is deeply indebted to the pioneer research of others. It is difficult, therefore, to understand his apparent reluctance to give any indication in his numerous footnotes that he is acquainted with the writings of some of the most important historians of the Revolutionary Era.[1] Certainly he would quickly admit that their work made possible his own excellent analysis.

Against the background of colonial experience in the eighteenth century, Professor Miller sets the drama of developing conflict from the Proclamation of 1763 to the Declaration of Independence. He is at his best in describing the more colorful activities of the "radicals", as they set up liberty poles, terrify stamp collectors, hang British officials in effigy, destroy the East India Company's tea and burn ships to the water's edge. Beneath such tumult and shouting, many men, on either side of the Atlantic, were trying to balance freedom and authority. What they thought about this central problem determined the tone of their arguments and the manner of their conduct. If Professor Miller errs at any point in his attempt to reveal the mind of England and America during these troublous years, it is probably because he looks on the scene too often through the eyes of such men as Samuel Adams and Jonathan Mayhew and too little through those of John Jay or William Samuel Johnson or Joseph Galloway. The reader comes to feel a sort of spiritual fellowship with Americans who early took the road toward independence and held to it; he never quite understands the sentiments of the others, some of whom finally established their homes in Canada and England.

It is true that Americans were not "driven to rebellion by intolerable economic oppression", but it is doubtful whether the economic grievances were as secondary as Professor Miller suggests. In the

[1] Though many recent monographs are cited, there is no mention of the studies by R. G. Adams, Alvord, Andrews, Becker, Beer, Greene, Harper, McIlwain, Osgood, Schlesinger, Schuyler, Tyler, Van Tyne—to name but a few.

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long contest concerning the nature and exercise of power in human affairs, men have always laid hold of any slogan or idea which seemed ready to hand. That the patriots' propaganda was couched in terms of political rights does not mean that economic pressures, actual and potential, were any less important in motivating the conflict between mother country and colonies. The effect of mercantilistic restrictions, as Louis Hacker has pointed out, was probably far greater than the sum total of all the minor frictions generated by the Acts of Trade. In one sense the decision of the British government to raise a revenue by taxing the colonies was not a novel invasion of the political rights of Americans. It was but one more sign of the determination of the imperial government to make sure that power remained with the central rather than the regional authorities.

Of this Professor Miller is fully aware, but he is inclined to interpret the Revolutionary Era as a conflict between great constitutional principles, minimizing in the process the serious difficulties which confronted Americans, as producers and consumers, when they contemplated their probable future within the Empire. Ideas, to be sure, were effective weapons in the struggle over power; and in this volume the analyses of the theories advanced by radical and conservative alike are acute and discriminating. One exception must be made. The discussion of the American contention (p. 176) that Parliament's sovereignty was founded in usurpation, particularly that it derived from the Act of 1649 establishing the Commonwealth, would have been much more judicious, if adequate study had been given to the enlightening argument in Robert L. Schuyler's *Parliament and the British Empire*.

As a sort of epilogue, Professor Miller presents a brief section on the American Revolution as a democratic movement. It is disappointingly superficial. Though he portrays well the fears of many conservative Whigs, as well as Tories, lest "the revolutionary movement should break its leash, and run with that mongrel, democracy,' he does not evaluate carefully the gains won at the expense of colonial oligarchies in the years from 1765 to 1783. In fact, he comes to the erroneous conclusion that the conservatives succeeded "in keeping the revolutionary movement within the narrow channel of resistance to Great Britain." He believes that it was not until the clash of arms had been silenced that Americans "sought to apply the ideals for which they had fought to conditions at home." This is true only in the sense that the spread of democratic principles was slow, even in the independent United States. But the aristocratic

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order in every one of the Thirteen Colonies felt the impact of democratic forces, in great or less degree, before the treaty of 1783 was signed. And, despite some early indications of waning radical sentiment in several states, it was after the war that a powerful conservative reaction became fully manifest. If there is any validity in the comparative anatomy of revolutions, the years between 1786 and 1788 may be regarded as the real beginning of *Thermidor,* a reaction which greatly modified the Revolutionary tradition in America.

JOHN A. KROUT

John Brown and the Legend of Fifty-Six. By JAMES C. MALIN. Philadelphia, The American Philosophical Society, 1942.—xii, 794 pp. $5.00.

This book is unusual in its demonstration of the scientific method as applied to history. It is a study in the use of evidence which deserves the attention of all who are intrigued by clear exposition and carefully balanced logic used in a difficult quest for truth.

In the older communities dating from the colonial days we have much of the veneration of semi-legendary founders and patriots. In the Middle West there is an equivalent custom. In Kansas it takes the form of attaching a somewhat legendary set of virtues and deeds to the anti-slavery settlers of 1854-1859. In that state the careers of some of the founders have been chronicled in a pseudo-history which amounts to a cult. In many respects the most spectacular figure among these saints and martyrs is John Brown. According to current legend, he left the East to battle for freedom in Kansas and then, having grown in grace and sanctification, ennobled by great exploits, he went back to the East to plan a mighty campaign to strike at slavery in its very home.

The facts as Professor Malin finds them are somewhat different. John Brown was a natural and unsuccessful speculator who wandered from project to project. He was likewise a man who had great sympathy for Negro slaves, without much practical idea of how to help them. He came to Kansas primarily for a new opportunity to succeed in a hitherto fruitless search for profit. On the tumultuous frontier his erratic temperament was stirred spiritually and economically. The spiritual urge led him to fight slaveholders, even to the point of organizing an expedition to murder some whom he may have thought were trying to have him punished in the courts. His economic ambitions led him into shady dealings in connection

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with horse stealing, which have the appearance of larceny and of receiving stolen goods. While in Kansas he accomplished little and no one paid any particular attention to him except to curse him for his erratic and lawless acts which on occasion severely hampered free state leaders. Only when Brown had become a martyr in Virginia did people begin to think of his Kansas career as the years of preparation. Gradually a legend grew up of an heroic figure standing at a prairie Armageddon and battling for the Lord.

The presentation of a picture so destructive of the legend must needs be builded on watertight foundations and Professor Malin has done so in one of the neatest pieces of historical reasoning from conflicting evidence that this reviewer has ever seen. It is divided into three parts. The first analyzes exhaustively the contemporary press, 1856-1857—pro-slavery, free-state and eastern—to show exactly how little mention was ever made of Brown. Then the author examines critically the growth of the legend. He presents an extremely interesting biography of such a fiction, showing how step by step the story grew. This is very intricate because the legend throve on controversy, producing thousands of pages of controversial writing. The reader sees these fabrications grow out of the developing mores of Kansas society. Finally the author reconstructs the story of what really happened, and in this part he presents for the first time a picture of the real Kansas, torn more by the feuds of speculators and the lawlessness of gangsters than by the crusading zeal of protagonists of freedom and slavery.

Professor Malin has made his case, though perhaps he has neglected the idealism that undoubtedly moved some of the founders. Had he had access to certain eastern collections such as the Gerrit Smith papers and that portion of the A. A. Lawrence MSS not in the Kansas transcripts, that phase of the story might have been more complete. On the whole, though, it is probably the nearest approximation of the truth now recoverable. The author has yielded to none of the temptations of sensational debunking. He has been scientific from first to last and has had the courage to write such a book with no concession to popularization for commercial publication. The American Philosophical Society with a true sense of scientific values has published a work which might otherwise have had to remain in manuscript.

Roy F. Nichols

University of Pennsylvania

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Economic Fluctuations in the United States: A Systematic Analysis of Long-Run Trends and Business Cycles, 1866-1914. By Edwin Frickey. Cambridge, Harvard University Press, 1942.—xxi, 375 pp. $5.00.

Professor Frickey is interested both in statistical methodology and in economic history. His working rules are to utilize knowledge gained in each of these two main parts of his investigation in order to make progress in the other, and to safeguard his results from contamination with his preconceptions or biases. He sets his sights high.

The first task to which Frickey devotes himself is to devise a method of tracing the "standard" pattern of short-run changes in economic events and of demonstrating the generality of this pattern. The method itself is a modification of one made familiar in price analysis by Wesley C. Mitchell and Frederick C. Mills and in the study of long cycles in production by Arthur F. Burns. It consists essentially of computing "link relatives" for each of the economic series to be analyzed, expressing the link relatives for each series as deviations from the average link relative for that series, arranging these adjusted relatives for a given period of time in order of magnitude, marking off the partition values (for example, the quartiles or deciles), and finally noting the direction and degree in which these partition values change from one period to the next. Any really general change in the various series will stand out strikingly when lines connecting the corresponding partition values in successive periods are displayed upon a chart. The line connecting the successive medians, or the successive averages of the middle group of adjusted relatives, represents the standard pattern itself. The standard pattern of link relatives may be converted into a series on a fixed base by the usual process of chaining.

This method of analysis is applied by Frickey to thirteen American economic series extending, quarterly, through the period 1866-1914. The series studied depict such broad economic events as imports, exports, bank clearings, bank loans and immigration, as well as wholesale prices paid for commodities, stock and bond prices, and interest rates. Since the chart with which Frickey concludes this part of his investigation shows a pattern of short-run fluctuations definitely common among the various series, we have in effect a picture of the average short-run economic changes in the United States during a fifty-year period, with a demonstration of its pervasiveness.

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Confirmation of the general character of the standard pattern is found in a further comparison of it with corresponding changes in production and employment as revealed by annual indexes prepared mostly by Frickey himself.

The second main objective is the elaboration of a technique for getting at and describing long-run trends in economic series. Frickey discards the usual procedure of immediately fitting mathematical trend lines to, or computing moving averages of, all or portions of seasonally adjusted series. Instead, he first attempts to eliminate all or most of the cyclical elements, that is, the short-run fluctuations studied earlier, as well as the seasonal, thus "precipitating" the "trend-indications" largely free of the confusing presence of short-run fluctuations. The task of then choosing appropriate trend lines is thus greatly simplified. The method is applied to the same series studied earlier.

The crux of the method of getting at trends consists in the decision (on the basis of the first part of the investigation) that the short-run fluctuations in each of the individual series, with appropriate allowance for differences in amplitude and timing, are sufficiently identical with the standard pattern so that the latter may be used as an approximation to the short-run fluctuations in each of the individual series. It is then a relatively simple matter to reach the tentative trend-indication of any series, or portion of a series, by subtracting from it (in logarithmic terms) the cyclical fluctuations as measured by the standard pattern. Since the standard pattern is not itself entirely free of trend, Frickey utilizes the tentative trend-indications to recompute the standard pattern. By then applying the revised standard pattern, he reaches a second approximation to the trend-indications.

Frickey makes some scattered observations on retardation of growth and other characteristics of the trends. No systematic attempt is made to interpret the economic developments indicated by the trends, however, and little is said about long-term (trend) cycles. His discussion of the cyclical fluctuations, too, is brief. He does not compare the standard pattern in one period with the standard pattern in any other period. Detailed analysis of the differences among the various series in respect of amplitude of fluctuation and study of the degree to which the various series conform in other respects to the standard pattern of fluctuation is largely lacking. On the whole, therefore, the final results actually obtained by his analysis are almost incidental.

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Frickey recognizes, further, that the historical findings he does present will not be entirely novel. For example, the high and low points in his standard pattern of short-run fluctuations agree very closely with the cyclical reference dates determined by Mitchell, and the changes one may note in his trend charts bear a family resemblance to those discovered by Burns.

But Frickey is less interested, in this report (the first on an ambitious project), in the novelty of his results than in establishing them firmly on a basis free of preconception. This being the case, his methods are of prime interest, and to them he devotes most of his space. His techniques are elaborate and ingenious, and the skill and labor he has devoted to their creation, refinement and application are impressive. It is all the more unfortunate, therefore, that the reader will not always feel sure that the author has set one foot on firm ground before advancing the other. One reason is inadequacy of presentation of basic data and of analysis. In the analysis of cyclical fluctuations, for example, only one chart is given showing the partition values, and none of the detailed frequency distributions of link relatives are published. Nor, because of the lack of a detailed review of the way in which the behavior of individual series deviates from the standard pattern, is the reader left with a clear notion of the *degree* to which the pattern of short-time fluctuation is "pervasive".

The absence of systematic comparison between the methods of time-series decomposition invented by Frickey and other methods will prove annoying to those time-series analysts—and there will be many—who will wish to make use of Frickey's procedures. A comparison of results (going beyond the inadequate one made for the pig iron series), and a comparison of costs, would have been helpful.

A few of the frequent tests made by Frickey to check his methods and results will not carry conviction. Thus, he decides to apply his link-relative procedure for getting at the standard pattern of cyclical fluctuations not only to quarterly series but also to annual; and he takes not only annual link-relatives of the annual series but also biennial, triennial, and so on up to nine-year intervals. The standard patterns so derived check exceedingly well with the corresponding patterns derived from the quarterly standard pattern. He takes this fact to be evidence of "the presence of one, and only one, definite pattern of fluctuation." But a suspicion that it is not really independent evidence is aroused if one takes geometric means of the successive arrays of link-relatives, rather than medians or arithmetic means, to define the standard pattern. This will detract considerably

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from the favorable impression that would otherwise be made by a work which, in the variety of checks and tests it presents, is in the fore of the field.

To repeat, Professor Frickey has set his sights high. His objectives have been to view the problem of time-series analysis against a broad theoretical horizon, to devise a fresh method of statistical analysis, and to apply this method to an extensive and significant body of economic data. He has gone far in meeting his objectives. He is to be congratulated for hitting the mark as frequently as he does.

The general reader will find the volume less interesting than will the specialist. That is a cost of turning economics into a science. To that transformation this report makes a significant contribution.

SOLOMON FABRICANT

NATIONAL BUREAU OF ECONOMIC RESEARCH

The Latin American Policy of the United States: An Historical Interpretation. By SAMUEL FLAGG BEMIS. New York, Harcourt, Brace and Co., 1943.—xv, 470 pp. $4.50.

Professor Bemis thinks that the Latin American policy of the United States has had more continuity than some historians have realized, and that the keynote, from the beginning, has been national security. Security, of course, involved in the first place the maintenance of the principles of the Monroe Doctrine, foreshadowed before 1823 by the Congressional No-Transfer Resolution of 1811. Until the middle of the nineteenth century it also involved expansion, for without the acquisition of the Floridas, Texas and the northern part of Mexico it would have been difficult for the young Republic to safeguard the territory of the original thirteen states and the Louisiana Purchase. After 1848 expansion was less necessary, and the great problem of our Latin American policy was to maintain the Monroe Doctrine, especially in the Central American Isthmus and the Caribbean. Security was the dominant consideration in the intervention policy which grew out of the Roosevelt corollary—a policy which had to be liquidated by the post-war Republican administrations before Pan-Americanism could become a real force.

The discussion of our relations with Latin America down to 1933 occupies approximately three fifths of the book. Most of the story is already familiar to students of American foreign policy and to them this section of the book will be interesting chiefly for its interpretation. The account of what has happened in recent years is

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much more detailed and much of the material is new. Professor Bemis deals, for example, at considerable length with the development of the doctrine of non-intervention, "a new doctrine of distinctly American origin, still not accepted in its entirety by the great powers of the Old World." He shows that this originated partly in the policy of the United States itself—in the Monroe Doctrine, in our support of the Drago Doctrine at the Second Hague Conference, and in our growing reluctance to support American interests abroad by force. More particularly, however, the new doctrine was the fruit of a persistent effort by Latin American governments and jurists to create an American international law which would safeguard the other republics of the hemisphere not only against European aggression but against aggression from the United States. In this effort the proponents of the new doctrine received active support from Dr. James Brown Scott of the Carnegie Endowment for International Peace, to whose activities in the American Institute of International Law and Inter-American Commission of Jurists Dr. Bemis appears to attribute much of the credit for the final triumph of the non-intervention principle at Montevideo in 1933 and at Buenos Aires in 1936.

The acceptance of this principle by the United States made possible the progress toward continental solidarity which was achieved at the various Pan-American conferences meeting after 1933. In discussing Inter-American relations during this period the author emphasizes the significance of the rivalry between the United States and Argentina for hemisphere leadership. He shows, however, that Argentina's opposition did not prevent the rapid alignment of the other republics with the United States as the danger from abroad became more and more threatening.

In his concluding chapters Professor Bemis brings down to date the story of our relations with the other American governments during the war period and gives one of the most comprehensive and objective pictures of the Good Neighbor Policy thus far available. He describes Mr. Hull's Reciprocal Trade Agreements Policy, the "Exchange of Culture and Humanity", the treatment of dollar bonds and other American interests in Latin America, and the coöperation of Latin America with the United States since we became involved in the war. He closes by emphasizing the fact that security is still the keynote of our policy in the Western Hemisphere.

DANA G. MUNRO

PRINCETON UNIVERSITY

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Exploring Tomorrow's Agriculture: Co-operative Group Farming—A Practical Program of Rural Rehabilitation. By JOSEPH W. EATON. Foreword by M. L. Wilson. New York and London, Harper & Brothers, 1943.—xvi, 255 pp. $2.75.

Coöperative group farming, the key to tomorrow's agriculture, is presented as a solution to many of America's rural problems, especially the challenge of technology, which is assumed to lead almost inevitably to the decline of the family-type farm and the rise of industrialized farming. A coöperative group farm is defined as an association of a number of farm families who operate jointly a large-scale enterprise and who equitably share the returns of their group effort.

Very brief attention is given to Utopian coöperative group farms of the past, to the Hutterites, the Amana Society, privately sponsored projects in this country, and to coöperative group farms in Russia, Mexico and Palestine. The major portion of the book is devoted to coöperative farms established by the Farm Security Administration, and the development of such farms as a technique of rural rehabilitation.

The need for rural rehabilitation is presented, not as a need arising during the depression to be abandoned when farm incomes are increased, but as a need growing out of long-time basic trends in agriculture. One of the major factors is mechanization which has as some social effects the reversal of the agricultural ladder, the rise in rents and land policies to levels higher than would be justified by their returns, and the decrease in stable farm labor employment opportunities.

Between January 1937 and March 1942 the Farm Security Administration had established twenty-seven coöperative corporation farms located in all parts of the country except the Northeast and the Northwest. This does not include fourteen land-leasing associations. These twenty-seven are described in some detail; outlining physical layout, objectives, method of establishment, membership selection and turnover, legal organization, management, costs of establishment, subsidies, business success, working conditions, level of living and the growth of the communities as coöperative groups. On the whole, judged by the ten criteria of rural rehabilitation and the three surmountable obstacles of rural rehabilitation which Eaton develops, the farms appear to be successful. There are some weaknesses in administration; some of the farms still require subsidies and operate at a loss, and in many of them the members had no part in the

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establishment, financing, or early management of the farms. Nonetheless, Eaton sees in the development of the coöperative farms an experiment of the greatest importance for the future.

The results of the study appear inconclusive. This is due partly to the limitations on studies of this type resulting from wartime conditions, partly to the incomplete analysis of the significance of the data on large-scale and industrialized farms, and those on the apparent decline of the family type farm. It is due even more to the relatively short period of time that these farms have had. As managers and settlers gain experience, many of the problems which now exist will no doubt be solved. This book, like *Place on Earth,* which appeared at almost the same time and which describes the experience of subsistence homestead projects, is necessarily in the nature of a progress report. No final answer as to success or failure of these experiments is possible from the data so far available. Now, as a result of recent Congressional action, the coöperative farming projects of the Farm Security Administration are being liquidated. If in some future period of depression we should again attempt to meet some of the problems of low-income farmers through such devices as coöperative farms, the policy makers then will be grateful that the fragmentary data on these important social experiments have been summarized.

CONRAD TAEUBER
BUREAU OF AGRICULTURAL ECONOMICS

The Legacy of Nazism: The Economic and Social Consequences of Totalitarianism. By FRANK MUNK. New York, The Macmillan Co., 1943.—xvi, 288 pp. $2.50.

The author, a former official in the Czechoslovakian government, modestly refers to his product as an "exploratory foray". Such a characterization is valid only in the sense that no attempt is made to describe the entire legacy. The author's conception of the effect of Nazism upon industry and upon economic institutions is set forth with thoroughness and in readable style.

The main theme is lucidly portrayed and ably defended. Totalitarian economies have been born out of certain social and economic conditions such as the growth of monopoly, business depressions, economic insecurity and unemployment. While Nazism will perish, the world can never return to its pre-totalitarian status. "Old equilibria of social forces" have been destroyed and we are now faced with "options and opportunities". The challenge is to create those new forms which will make man's world a fit and adequate

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place in which to live. Certain forms and procedures developed under totalitarian societies may be utilized to that end. "Even Nazi institutions may be altered and used to serve new purposes." But time will not wait, and even now in the midst of the struggle the United Nations must lay plans to "take over, administer, and reorganize successfully the legacy of Nazism."

This thesis, supported and detailed as it is in chapter after chapter, affords a most effective antidote for any temptation to follow the back-to-normalcy will-o'-the-wisp we accepted so avidly after World War I. Throughout, the viewpoint is basically optimistic. The job of reconstruction is not too big. In many respects we can go on from where the war leaves us. Human purposes must be changed and many of the structural details must be revised, but we need not start from scratch.

This brief review cannot trace the pattern (as does the author) through the necessary reorganization of industry and finance, the reconstitution of populations, the building of a new nationalism, and the creation of new economic leadership. The concentration of industry and finance which in Europe has reached a peak in the multitudinous and sometimes ingenious devices whereby the industrial and financial institutions of Nazi-occupied countries have been tied in with the German economy must and can be reorganized rather than destroyed. Economic concentration transcends the particular momentum and forms which Nazism gave it. Post-war economic reorganization must accept and utilize this fact.

The author experiences certain difficulties in dealing with such vital matters as economic planning and the creation of an adequate post-war economic leadership. For managerial control stemming from private corporate property rights, Nazism has substituted dictatorial party control based upon physical force. The post-war problem in this area is to find some effective substitute for dictatorial leadership. Obviously a similar problem faces those democratic nations which have accepted totalitarian governmental leadership in order to prosecute the war successfully. While the need is evident, the source of such leadership is no more clear to the author than it is to many others who have struggled intellectually over this problem. The new leadership must be dominated by a "higher morality"; business men must be trained with "foresight beyond the purely technical realm of their competencies"; this leadership must be prepared while the war is in progress. These are pretty vague phrases and need substance yet to be supplied.

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The author accepts economic planning as a post-war certainty. He stresses the problem of tying national trade and capital accumulation and uses into the international economy. Again a ray of hope is found in the fact that certain of Nazism's controls can be utilized as "engines of peace". Successful post-war planning thus requires that "national sovereignties will have to be pooled or even subordinated to a new supernational sovereignty."

Dr. Munk leaves his readers with a realistic picture of the needs of post-war economic and political reconstruction. He also leaves them wondering just where and how the victors will make the first telling stroke toward building the better world which they agree must be the real legacy of all that has preceded it.

WILLIAM N. LOUCKS

UNIVERSITY OF PENNSYLVANIA

Duel for Europe: Stalin versus Hitler. By JOHN SCOTT. Boston, Houghton Mifflin Co., 1942.—ix, 381 pp. $3.50.

This book is a newspaper man's account of the Hitler versus Stalin diplomatic chess game during the years 1939-1941. The story is told as seen from Moscow, where Scott spent most of the time between 1938 and June 1941, when he became one of the many foreign journalists expelled from the Soviet Union.

Scott brings to his task a knowledge of Russia and its people based on a decade of residence and work in the land of Stalin. In his delineation of the events that ended in the German attack of June 22, 1941, he could well claim—actually he does not—to speak as an eyewitness who had watched developments from a ringside seat. Furthermore, Scott writes as a critical observer. Neither Moscow nor London is spared in the description of the game that culminated in the outbreak of war in 1939 and Russian involvement in it nearly two years later. "It is not a nice story. Lying and blackmail, browbeating and beguiling, these are the stock in trade of contemporary diplomacy . . . . A few hundred, or at most a few thousand, men in Moscow were lying and bluffing, deluding and circumventing" (pp. viii-ix) in the name of the hard-working common people whose determined defense of home and country was later to defeat the Hitlerite invasion.

Scott's writing is clear and frequently forceful. The book is distinctly refreshing. Much of it challenges the reader, time and again, to weigh premise and conclusion alike. For example, it is hard, in

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the opinion of the reviewer, to explain Stalin's pact with Germany in August 1939 quite as much in terms of Chamberlain's unwillingness to obtain an alliance with Moscow as Scott implies ("Chamberlain, as a matter of principle, did not want to come to terms with Russia", p. 11). Chamberlain, incidentally, is given the conventional rough treatment. The Anglo-Polish mutual assistance pact of August 25, 1939, leads Scott to observe: "Chamberlain apparently made up his mind to fight over Poland .... Had he betrayed just one more country and sold Poland down the river, Hitler and Stalin would probably have quarreled over the partitioning of Poland, and Chamberlain's longstanding dream would have been realized—a Soviet-German war with Britain neutral, attempting to hold the balance of power" (p. 31). Also, to say that "one phase of the sovietization of the Baltics which met with enthusiastic popular approval was the introduction of free education" (p. 88) is to deny that Estonia, for instance, had a good record of free education long before 1939; and to condone Soviet procedure in the Baltic States and Poland by suggesting that we, of the United States, "have turned many a trick more clumsily in Latin America" shows a questionable use of historical parallels, to say the least. Nor can the "export value" of Bolshevism among the Poles be proved by citing statistics published by the Soviet press. But Scott has given us a most readable and stimulating account, and over seventy pages of miscellaneous documents appended to the text add greatly to its usefulness.

The basic premise of the book, in view of the situation that had come into being by 1943, is of more than passing interest. It is this: if Hitler collapses, Stalin "should inherit the European continent." Scott further surmises that Stalin has not changed his belief that "capitalism" is the main cause of war, and that "while he may hope for a 'durable peace' on the basis of an Anglo-American-Soviet coalition, he would feel *sure* of a 'permanent peace' if capitalism were eliminated, at least in Europe" (p. 293).

JOHN H. WUORINEN

The Fruits of Fascism. By HERBERT L. MATTHEWS. New York, Harcourt, Brace and Co., 1943.—341 pp. $3.00.

Mr. Matthews has written a clear-cut, thoughtful and superb book. He makes no apologies for his love of the Italian people and their beautiful country. In addition, he reveals himself as a reflective student of Italian history and philosophy, who has suc-

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ceeded in brushing away many of the cobwebs that have obscured the so-called principles of Fascism. If we remember that Mussolini was an opportunist who changed his policy to fit the situation (as Gaudens Megaro has revealed in his *Mussolini in the Making*), we shall be surprised at none of his manifold inconsistencies. Matthews has traced the history of the Fascist movement from the early socialist days of Il Duce down to January 1943. He has done this so well that it is unnecessary to dwell on the details. Here it seems better to point out a few of the strong points of the book and some of its relatively minor faults.

Fascism had no specific doctrinal plan, as Mussolini was the first to admit. "The Fascist State 'just grew.'" Doctrine came after action. Mussolini, himself an extreme individualist, called Italy "the most individualistic country in the world", where Communism was impossible. In fact, Communism was not defeated in Italy by the Fascists. It was put down long before Fascism came into power.

One of the strongest points in the book—and it has never been stressed before—is the fact that *"Mussolini had no economic policy and knew nothing about economics"* (p. 98). The process, according to Max Ascoli, was from politics to economics and not from economics to politics. These facts go far to explain why "the theory of corporative economics" reads like so much nonsense. Mussolini regarded politics as an art, but never considered economics as a science. His technique in economics was simple trial and error. Matthews predicts that the Duce's economic errors will prove more damaging than his imperialistic ambitions. Some of his worst mistakes were the decision to defend the lira in 1927, and the policy of autarchy which meant economic suicide for a country so dependent on outside supplies of raw materials.

There are a few minor faults in the book. On page 174, Mr. Matthews is mistaken in his statement that each young Italian automatically entered the Fascist Party, as he or she came of age. That was true only if the young person had joined one of the Fascist youth groups, and many did not. Also, the author confuses the work of the corporations or guilds with that of the Ministry of Corporations. The guilds per se did practically nothing except hold polite debates. Italy needs nearer 12,000,000 tons of coal than the "9,000,000 to 9,500,000" tons mentioned on page 269. Matthews, however, is quite correct in his statement that Germany's willingness to deliver this coal to Italy by train was the most decisive factor in Italy's decision to enter the war on the side of the Axis.

Italy was not prepared for World War II. She was exhausted by

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the Ethiopian campaign and the Spanish intervention. In fact, Hitler did not expect any Italian military aid for at least three years after signing the Axis military pact. From an economic standpoint the country could never qualify as a first-rate military power. Matthews explains that Mussolini wanted to come out of the present war with a strong navy and hence tried to save it by not fighting.

Fascism was not successful in molding the youth of Italy to its pattern. The university students have proved the most anti-Fascist group in present-day Italy and have refused to volunteer for war duty. So much for the commonly accepted theory that, since young people were raised under Fascism, they must be indoctrinated for the rest of their lives!

The Fruits of Fascism was finished in January 1943. It is revealing to note Matthews' comments on Badoglio and the royal family. He says that "Badoglio might step forward to head an already successful movement, but almost surely he will never organize one" (p. 324). So far, so good, but his statement that Badoglio "is too enamoured of his wealth and property and the title, Duke of Addis Ababa", does not ring true. Matthews thinks the king is too weak to survive and that the crown prince is also weak and unpopular.

Naturally the author praises some of the accomplishments of Fascism, but the balance is heavily on the negative side, particularly in culture and liberty. Mr. Matthews is to be congratulated on writing a very good history of Fascism.

HENRY S. MILLER

QUEENS COLLEGE

Norway: Neutral and Invaded. By HALVDAN KOHT. New York, The Macmillan Co., 1941.—253 pp. $2.50.

The author of this excellent volume is a distinguished Professor of History at the University of Oslo, who served as Foreign Minister of Norway from 1935 to February 1941. He therefore headed the Foreign Office during the trying months after Germany's invasion of Poland when the maintenance of Norway's neutrality was the main objective. It ultimately fell to his lot to receive the German ultimatum of April 9, 1940, and to steer the foreign policy of his country during the early phases of the Government-in-Exile in London. Solid knowledge and personal experience and participation in the events of a crucial period in Norway's recent history form the basis of the story here told.

Two chapters of the book are devoted to Norway's neutrality

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policy, three to the invasion of the country by the Germans and the occupation that followed, one to Norway's part in the war against the Axis, and one to an answer to the question, What are we fighting for? Thirty-odd pages of the text are devoted to five appendices which include the ultimatum of April 9, 1940, published in full—both in German and in English translation—for the first time.

Dr. Koht writes throughout as an objective scholar. This is impressively illustrated in his treatment of Norway's pre-war neutrality which, in the light of the tragedy that befell the country in the spring of 1940, might lead a writer to journalistic opportunism. It is abundantly clear that, as far as Norway and the other Scandinavian countries are concerned, the policy of neutrality was neither a coward's refuge nor a fool's paradise. The author's restraint and objectivity are shown no less strikingly in his description of the reception of Dr. Brauer, the German Minister in Oslo, who came to present the German ultimatum in the early hours of April 9, when the invasion of Norway was already in full swing. The delineation of events is, in fact, accomplished from the first page to the last in a spirit which, in the opinion of the present reviewer, adds greatly to the weight of the evidence presented.

One aspect of the Nazi conquest of Norway may be singled out for comment. Koht's story shows convincingly that treason among Norwegians, grossly inflated by Leland Stowe and other commentators at the time of the invasion, was a factor of no great importance. Limited resources, a natural failure to mobilize fully, German trickery, an understandable feeling of defeatism among many of the officers, the element of surprise in the invasion itself, and the inability of Great Britain and France to render effective assistance—these emerge as vastly more important reasons for Nazi success than the undertakings of Quisling and his handful of followers. Their treachery and opportunism helped the invader, to be sure, but the outcome of the invasion was determined by other factors over which they had no control.

It is to be hoped that Dr. Koht will undertake, after the liberation of Norway from the Nazi yoke, to write the full story of Norway since 1939. His present book offers every guaranty that the interests of Norway and of scholarship would be well served by a full survey, penned by himself, of these stirring years.

JOHN H. WUORINEN

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BOOK NOTES

In terms of its expressed intentions, *England's Road to Social Security: From the* Statute of Laborers *in 1349 to the* Beveridge Report *of 1942,* by Karl de Schweinitz (Philadelphia, University of Pennsylvania Press, London, Oxford University Press, 1943; x, 281 pp. $3.00), is an effective piece of work. It aims to acquaint American administrators of social security and university students with the most significant trends and experiments in six centuries of English wrestling with the problem of poverty, trends and experiments which have figured prominently in American developments of the same sort. It is presented in short, lucid chapters which are well illustrated, critical, and based upon the best scholarship, although occasionally somewhat tractarian in tone. Parochialism is successfully avoided, partly because American analogies to British experiences spring to the author's mind, but also because he draws in systematic accounts of what was done on the Continent. For some reason, however, the attention given to Bismarckian social legislation is relatively slight. The great problem in a treatise of this sort is how much general setting should be provided for the crises which brought about successive steps in the progression. Generally speaking, the author seems to have decided to risk a minimum of this after the sixteenth century, and on the whole this is regrettable, particularly for the seventeenth and eighteenth centuries. When he reaches the nineteenth century, he is handicapped by adopting the unfortunate identification of Benthamism with individualism for which Dicey was so largely responsible. This leads him to expressions of surprise over, and comments on the paradox of, the state intervention which he properly credits to the Benthamite, Chadwick, and the Tory humanitarian, Shaftesbury, both of whom were anathema to the Manchester school. This invalidates a good deal of the introductory matter in chapter xvi as well as some of the rather excessive reliance on the Poor Law Report of 1834. He is distinctly more cautious in handling the famous Minority Report of 1909; indeed, his balancing of it against the Majority Report is a welcome novelty. Another example of insufficient setting occurs in connection with the Chamberlain-Wilson supersession of Poor Law Guard-

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ians in 1926, where its relation to breaking the coal strike after the collapse of the general strike is ignored. All in all, then, we have here a convenient and attractive guide, accurate for the most part and fluently presented, but suffering somewhat from diffidence in providing discussion of the operative forces which brought about change.—J. B. BREBNER.

The report which the Department of State has issued under the title *United Nations Conference on Food and Agriculture . . . : Final Act and Section Reports* (Washington, Government Printing Office, 1943; v, 61 pp. 20 cents) presents the recommendations of the famous Hot Springs Conference, organized under thirty-one heads. It contains also appendices dealing with Consumption Levels and Requirements (including public health, sociological considerations, education, and personnel training), Expansion of Production and Adaptation to Consumption Needs, and Improvement of Distribution. Only a considerable review could do this report justice and deal with the issues raised. It was a conference made up largely of professionals. The report shows this. It stresses the newer knowledge of nutrition and indicates some of the problems that agriculture must solve if it is to produce enough food to meet the needs. It recognizes that poverty is a basic cause of malnutrition but leaves to others the solution of this problem. It deals with basic, long-range considerations not the immediate problem of a starving post-war world. Relief was judged to be outside the direct jurisdiction of the Conference. Impliedly the Conference admitted that it was only a small beginning in this area of universal interest. Hence it laid great stress on further and increasing international coöperation, set up a continuing committee and called for a permanent organization. Only if this is accomplished will this excellent beginning come to tangible fruition. Also implicit in the report is the bitter experience of the world-wide agricultural depression of the period between the two World Wars and of the paradox of plenty and want in the nineteen-thirties. The political and nationalistic policies that intensified the suffering of these experiences doubtless played a part in the delegates' insistence upon further international consideration of the area of food. The Conference could not solve all these problems in three weeks. It did a commendable beginning job on the agricultural side. It drew attention to the related problems outside of its charter and its call for further activity in one sense is a warning the nations of the world would be well advised to heed.—EDMUND DES. BRUNNER.

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In very simple language and with untroubled assurance Mr. Otto Tod Mallery, in *Economic Union and Durable Peace* (New York and London, Harper & Brothers, 1943; xvi, 183 pp. $2.00), sets forth a program of international economic collaboration as the way to attain enduring peace. It is a variant of already familiar proposals, with particular attention to the administrative aspects. The author makes his starting point the Hull Reciprocal Trade Agreements Program, which he would elaborate into a system called Economic Union. Its objective is to implement the third and fourth clauses of the Atlantic Charter, providing specific organization to make good the principle of "access on equal terms to the trade and raw materials of the world" and to bring about "the fullest collaboration between all nations in the economic field." The position is taken for granted that the major issues between nations are economic, in a Smithian and not in a Marxian sense, and that it was the blocking of economic interchange between countries that "pushed Europe and the world down the steep and slippery hill of unemployment and disruption into the abyss of anarchy and war." On these premises Mr. Mallery apparently feels justified in ignoring the whole tangle of national and ethnic issues that have throughout history broken out in revolution and in war. He sees two roads before the world, the road of "economic imperialism" and the road of "economic union". One is the road to war and the other is the road to peace. Consequently he concerns himself mainly with the administrative requirements of "economic union", with its Managing Board, its rules of membership, its institutions such as the Bank of Economic Union, and its *modus operandi*. He sees it all leading up by gradual processes to a World Trade Board. No one can well deny that the nations would be more prosperous if economic barriers were pulled down and liberal trade agreements everywhere set up. But to many, including this reviewer, the whole neat scheme must seem to rest on a too serene faith in the healing virtues of free enterprise. Not by trade alone can the world be saved. We must reckon with other forces that set groups and nations in conflict. We must reckon with the disparities of power, the clash of interests, the jealousies and ambitions of nationalities, the incessant flux of dominance and subservience. We must see how economic conditions are entangled with social and political conditions. We must come to grips with the political realities. A non-political economic union has of itself no magic to dissolve them.—R. M. MacIver.

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It is many centuries since the world witnessed population movements comparable to those set in motion by the present war. In Europe these population transfers, directly traceable to the war, have reached a special pitch of intensity. It is no easy task to reduce all these movements to an intelligible pattern and find a criterion for their classification, but Eugene M. Kulischer has done a magnificent job in this respect in his *The Displacement of Population in Europe* (Montreal, International Labour Office, 1943; in the United Kingdom, P. S. King & Staples, Ltd., London; distributed in the United States by the International Labour Office, Washington; iv, 171 pp. $1.50; 6*s*.). He distinguishes three main categories among the masses of people involved: (1) the Germans and persons of German origin who have been moved into occupied countries since the beginning of the war; (2) the non-Germans who left their homes under the threat of invasion or who have been the victims of wholesale transfer, deportation or expulsion from the invaded territories; and (3) the prisoners of war and workers recruited individually in all the European countries under German occupation for work in Germany or in other occupied territories. Even so far as the total volume of the movements is concerned, the information available does not always give a clear picture of the situation, especially for the most recent period. In many cases statistical information from official or semi-official sources is available, for instance, in respect of the resettlement of German populations and the recruitment of workers in the countries under German control. In other cases, however, there are only estimates from indirect sources, and those which appear to be most trustworthy have been selected from the data available. As it is clearly impossible at the present juncture to make a strict statistical study of the population movements concerned, all that has been attempted is a preliminary inventory of the available material. But it is an inventory which has no competitor in the field. Although it is in no sense a penetrating work of sociological or political significance, since Kulischer has made no effort even to touch upon these consequences of contemporary migrations, the study has the distinction of being the best up-to-date factual survey of its field. In fact, one cannot admire too much the skill with which the mosaic of widely scattered information has been put together out of its thousand details.—Joseph S. Roucek, Hofstra College.

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Japan: A Geographical View (New York, American Geographical Society, 1943; iii, 104 pp. $1.50), by Guy-Harold Smith and Dorothy Good, with the collaboration of Shannon McCune, is timely, and is packed with facts that have been well organized and presented in a non-technical way. Even those whose primary interest lies in the field of geography can read it with profit, and it should be invaluable for the general reader, as well as for use as a text in colleges and high schools. American ignorance of the geographical and economic facts of the Far East, and particularly of Japan, was a contributing factor in the outbreak of the Pacific War, and may interfere with the establishment of a just and enduring peace; and for this reason this book ought to be widely read and followed up. For those who wish to go further into the matter there is a complete list of references to books and articles consulted in the compilation of the work, as well as a good note on maps. There is only one disappointing feature, and that is concerned with the maps that have been included. This is unfortunate, because the average reader finds it difficult to digest tables of statistics, even though these have been most carefully presented. For example, short tables for mean temperature and mean rainfall are given for eight representative stations (pp. 16-17). Small maps giving the January and July isotherms and the distribution of rainfall would have been much more informative. At the end of the book there is a large map showing the rate of growth of the population between 1920 and 1935, done with hatchings in black and white. Now most people in this unimaginative world cannot be expected to notice that this map makes no distinction between the great industrial areas to which workers have been flocking, and rural areas, comparatively thinly settled, which are only now catching up with the rest of the country. Would not a map showing the density of the population, done in tints, have been much better? The authors give adequate treatment to the Japanese fisheries (pp. 30-32), but a map showing the location and character of the fishing grounds would have been a valuable addition, because the fisheries fill a larger part in the national economy than is the case with any other great nation. However, in fairness to the compilers, it must be admitted that more maps would have increased the price of the book very materially, and, because of the war, maps of every kind, especially hypso-bathymetric maps in color, are hard to get.—GEORGE S. NOSS, Columbia University.

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It is the thesis of *Nazi Conquest through German Culture*, by Ralph F. Bischoff (Cambridge, Harvard University Press, 1942; xii, 198 pp. $2.00), that the success of German National Socialists "was in part due to the inborn cultural and blood nationalism of the German people, and the ability of their leaders to awaken, reëmphasize, and re-form certain characteristics, traditions, and faiths already existent . . ." (p. 3). One may question whether the author meant to say "*inborn*" or "blood nationalism", but one does not readily quarrel with the idea that, intellectually, National Socialism is rooted in the peculiar German nationalist tradition. Only the first two chapters deal with the book's announced thesis, however. The remaining pages describe German organizations for the protection of German minorities abroad and for the preservation of German culture within emigrant communities. The author shows that these organizations inside Germany and in the United States and in Czechoslovakia sought to propagate an aggressive German nationalism long before Hitler came to power, and that, consequently, they accommodated themselves easily to the Nazi philosophy and were used by the Nazis for political ends. It is too bad that Dr. Bischoff could not have included a chapter on German cultural organizations in South America. He did include an index, but no bibliography.—GEORGE D. CROTHERS, Columbia University.

Papers Relating to the Foreign Relations of the United States, 1927 (3 Vols. lxxxi, 565; cvi, 841; xcvii, 885 pp. $1.50; $2.00; $2.00), and *1928* (3 Vols. cxxiii, 1057; cxiv, 1024; cvi, 1006 pp. $2.25; $2.00; $2.00) (Washington, U. S. Government Printing Office, 1942 and 1943), continue the series of diplomatic papers which is now rapidly assuming monumental proportions. The 1927 volumes give the documents on the tripartite negotiations on limitation of naval armaments and the protracted negotiations between the United States and China and the United States and the great Powers with reference to China in the year in which Chinese nationalism came to climax with attacks on foreign residential areas, property and persons. Most noteworthy is the resoluteness with which Secretary Kellogg refused to be pushed or pulled into joint punitive measures—armed intervention in one form or another. The 1928 volumes have to do mainly with the negotiations leading to the Briand-Kellogg Pact and the continuation of the situation produced by Chinese nationalism. In that year, too, Mr. Kellogg's policy remained consistent. If he did not give any lead toward a reformulation of Chinese-Western relations, he also refused to be led back

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toward the nineteenth-century system. It is perhaps characteristic of much of American diplomacy—negatively right, positively barren. We are always surer of what we are unwilling to do (which on the whole does us great credit as a nation) than of what we are willing to do.—NATHANIEL PEFFER.

Archaeological studies of the Greek world have tended to emphasize religious monuments at the expense of political and civic buildings. An effort to correct this discrepancy in some measure is made by Professor William A. McDonald in *The Political Meeting Places of the Greeks* (Baltimore, The Johns Hopkins University Press, 1943; xix, 308 pp. $5.00). This book is primarily a collection of information on all the types of assembly places and council chambers used in Greece from the earliest times. After a brief introductory chapter setting forth the main features of Greek political development, the author describes the meeting arrangements of Minoan Crete and of mainland Greece in the Homeric period. Succeeding chapters deal with "The City Assemblies in Post-Homeric Times" and "The Federal Leagues". In most cities the theater was used as a regular meeting place for the assembly, and Professor McDonald believes that the theater actually evolved from a structure used originally for political and religious gatherings. However, there were a few cities which had open-air meeting places (like the Athenian Pnyx) or closed *ecclesiasteria* distinct from the theater, and these are discussed in detail. The chapter on the federal leagues deals mostly with the literary evidence, for twenty different organizations, as there are few extant remains of their meeting places. About half the book is devoted to the *bouleuteria* of post-Homeric times, roofed structures which served as chambers for the various kinds of city councils (bodies of limited membership as distinguished from the larger assemblies). These are catalogued and discussed in regard to situation, characteristics, identification and date, in chapter vi. The last chapter, entitled "Comparisons and Conclusions", applies only to these buildings. In it the author attempts to establish their general characteristics and sets up a table assessing the correctness of the identification of thirty of them. As he makes clear, this can have only a relative validity, partly because of the greater freedom in designing civic as opposed to religious structures. While the main purpose and value of the study are archaeological, discussion of the meeting places often throws light on political problems and tendencies.—EDWIN L. MINAR, JR., Connecticut College.

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The Theory of Capitalist Development: Principles of Marxian Political Economy (New York, Oxford University Press, 1942; xiv, 398 pp. $4.00), by Paul M. Sweezy, is the first comprehensive attempt by an American to present the literature of the school of Marx in both its technical and "sociological" aspects. Three of the four main parts into which the book is divided are devoted to the former, and so are called "Value and Surplus Value", "The Accumulation Process", and "Crises and Depressions". The broader social philosophy comes under the fourth part, "Imperialism". The technical aspects of the work of Marx have usually been neglected by most American and English students. Such work has generally been done by the continental followers of Marx. The author has performed a service for the English-speaking public in making available in condensed form a great mass of discussions and controversies that have raged over Europe among the Marxians themselves over the proper interpretations of the strictly "theoretical" features of Marx's work. The author, who has in previous publications contributed to the latest developments of "orthodox" theory, attempts here, in effect, to "read" Marx in such a manner as to make him consistent with the views of Lord Keynes, the outstanding leader of the "revisionists" of orthodox theory.—JOSEPH DORFMAN.

The author of *An Essay on Marxian Economics* (London, Macmillan and Co., Ltd., and New York, The Macmillan Co., 1942; x, 122 pp. 8*s.* 6*d.*; $1.75), Joan Robinson, is a distinguished leader in the revision of the old "orthodox" economics, and like so many of the "new school" has felt a certain sympathy with Marx as an iconoclast. Here in a little more than one hundred extremely well-written pages, she attempts to compare "the economic analysis of Marx's *Capital* with current academic teaching" (p. v). By "current academic teaching" the author means the "new school" of followers of Keynes. She neglects all other recent currents of economics on the tacit assumption that the latter unlike Marx and the "new school" do not build on the old "orthodox" foundations. According to the author, the "new school" finds that Marx was closer to reality than the old "orthodox school" which for the most part was simply apologetics for unrestrained capitalism. But it also finds that while Marx pointed out the real and fruitful problems for analysis and inquiry, his methods are obsolete, and whatever valid conclusions he may have reached are far more effectively stated in the

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jargon of the new school of academic economics. For the most part the Marxian conclusions are either invalid or subject to considerable modification. Whether Keynes, the foremost exponent of the new school, is right as against Marx can "be finally settled only by detailed statistical investigations", but "the crude test of experience" has already amply vindicated Keynes (p. 110).—JOSEPH DORFMAN.

With the appearance of *The Menace of the Herd or Procrustes at Large* (Milwaukee, The Bruce Publishing Company, 1943; xiv, 398 pp. $4.00), Francis Stuart Campbell takes his place as an unashamed, vituperative advocate of clerical monarchism. The author is a man of many opinions—all of them avowedly conservative, monarchist, Catholic and anti-democratic. He does not like democracy and, with a great show of learning, he is anxious to explain the grounds for his distemper. He displays a grotesque ability to bend facts to his will. Should a fact prove stubborn, it is at once destroyed by a terminological invention. The following excerpts are not untypical of Mr. Campbell's confused diatribe. Compulsory education is "a flagrant curtailment of parental rights" and "compulsory elementary education was a great step in the direction of totalitarianism." Much the same may be said of the New York State requirement of a "certificate of health" before marriage is permitted. "The Church was very little aware of this fantastic encroachment upon her rights because she was at that time too intensively occupied with the defeat of the Child Labor Amendment Act." In the United States, the Church which "alone possesses the full truth" will be merely another sect unless, among other things, there is "the conquest of the intellectual key positions" by the Church. The modern world is a wasteland. "What after all can the average young man, eager for action in the world of today, do? Duels, crusades, discoveries have come to an end." Mr. Campbell is also a keen analyst of international politics. Through use of an enthymeme which would have taxed the logic of the Mad Hatter, he proves to his own satisfaction that Anthony Eden, by invoking sanctions against Italy during the Ethiopian invasion, became the clandestine "Father of the Axis". Yet Britain preserved an "idiotic neutrality toward the Communists in Spain," while failing to aid one of "the decent causes in Europe", namely, "the Spanish counterrevolution". Mr. Campbell warns that he will not answer for the consequences if the Allies do not have "recourse to a sound and courageous medievalism" in arranging the post-war Reich, if it is not made "a realm

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with a Catholic majority and a Catholic leadership." There are other such perceptive analyses. Following Chesterton, Mr. Campbell speaks of "the Jewish essence of National Socialism". Consider only that "the overindustrious and indiscriminate reading of books with such a strong nationalistic keynote as the Talmud, has planted many fundamentally Jewish conceptions into the heads of the present masters of Germany." In fact, the Old Testament, the Talmud and Calvinism are among the seven chief sources of Nazi ideas. Moreover, and this may be of interest to readers of this journal, "all those miserable professors at the Sorbonne, in Leyden, in Brussels, in the London School of Economics . . . who believed in morals without religion, who wrote in behalf of a humanitarian, anthropocentric philosophy of life . . . who fulminated against medievalism . . . they are all guilty, guilty, guilty . . . as Hitler, as Goebbels. . . ." This book bristles with illuminating observations of this character, but since "Catholicism (and its culture) is a closed world" not comprehensible to "the outsider", it is altogether possible that some of the more signal insights of the author are not revealed in this review.—ROBERT K. MERTON.

The American Patent System (Baton Rouge, Louisiana State University Press, 1943; vii, 259 pp. $3.00), by William B. Bennett, is an economic interpretation. It describes the effects of various royalty arrangements upon costs, prices, profits and output. Summarized opinions of the Supreme Court indicate the extent to which the patentee may exercise and extend his monopoly. Questionable practices include forced validity, unfair litigation, and drag-net applications. Economic forces are checks upon patent as well as other monopolies. The value of the patent depends upon ease of infringement, field of application, alternative means, subservience to basic patents, and interpretation of validity by courts. A patented invention may be used to realize on its earning capacity, or it may be suppressed to lessen competition and thus protect an existing method and investment. The kind of patent system that best serves the laboratory adjunct of a great corporation does not serve the interests of independent inventors. Cross-licensing and patent exchange agreements between concerns in different countries are used to meet the requirement of compulsory working, to dispose of markets protected by high tariff barriers or nationalistic schemes of exchange control, to effect the interchange of technical information, and to allocate

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international markets among competitors. There is an interesting account of international patent agreements between domestic corporations and German companies concerning synthetic rubber and other products—agreements contrary to our national interest. Mr. Bennett suggests that such agreements in the future be filed with a government agency. Apparent inconsistency of the author arises from failure to differentiate sufficiently between employed inventors of business concerns and independent inventors, between basic inventions and improvements, between his opinions and the cited opinions of others, and between the theory and practice of the patent system. He points out the difficulties of the independent inventor, but offers little for his relief. His proposal to tax patents to prevent undue concentration in their ownership and to eliminate the useless ones would be a great hardship to most independent inventors but not to big corporations whose monopolistic patent structures enable them to receive monopoly profits. However, it should be added that all important proposals to remedy the abuses of the patent system are very controversial. The book contains a well-rounded bibliography—books, government publications, statute laws, judicial decisions, and periodicals. The author has rendered a service in describing the recent changes in our patent system and in interpreting their possible effects, however much one may disagree with his conclusions.—FLOYD L. VAUGHAN, The University of Oklahoma.

If the contention of Mr. Peter Drucker is correct, that war and post-war organizations of society are necessarily similar, then a recent *Handbook of Federal World War Agencies and Their Records, 1917-1921* (Washington, U. S. Government Printing Office, 1943; xiii, 666 pp. $1.25), published by The National Archives, should afford some explanation of things already arrived at and a portent of those yet to come. It describes the "organization, function, and records of over 2,300 agencies—units, divisions, bureaus, boards, and administrations—of the Federal Government that contributed to the participation of the United States in World War I or handled reconstruction problems . . .", according to a National Archives leaflet which accompanies the photo-offset *Handbook*. Over eighty "compilers" were concerned, and their findings are revealed in a "keyword" alphabetical arrangement of the agencies involved. This results in something like a commodity-index breakdown of the major war units, notably the War Industries Board, Food Administration,

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etc. This technique is too ingenious for short description; suffice it to say that *respect de fond* is not the guiding principle. But the scholarship involved is, of its kind, impeccable, and the net result a monument of the sort of thing for which The National Archives stands.—ROBERT A. EAST, Brooklyn College.

In September 1943, the Social Science Research Council appointed a Committee on War Studies, with Professor Roy F. Nichols of the University of Pennsylvania as Chairman. The work of this Committee, as a non-governmental enterprise, designed to supplement that of the historical officers in the federal government as well as to foster historical activities in the states, in industry, in labor, and in other private organizations. Within the federal government the Committee on Records of War Administration may be expected to continue its excellent work with war records, including both their analysis for immediate practical purposes and their preservation for later study. It is the function of the Committee on War Studies to plan research in the field of American wartime experience and to interest scholars in the execution of these plans. Outlines of areas of investigation are being prepared and will soon be available upon request. Dr. Shepard B. Clough has become a member of the staff of the Social Science Research Council, with responsibility for putting the Committee's program into effect. He will appreciate information concerning work in progress or projected studies, and he may be reached at the offices of the Council, either at 230 Park Avenue, New York 17, New York, or at 726 Jackson Place, N. W., Washington 6, D. C.

These two committees meet jointly on occasion as Advisory Council on War History under the chairmanship of Dr. Guy Stanton Ford, Executive-Secretary of the American Historical Association.

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